

JPRS 83000

3 March 1983

West Europe Report

No. 2108

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WEST EUROPE REPORT

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CONTENTS

THEATER FORCES

FRANCE

- Security, Disarmament Policies Said Based on 'No-War' Strategy
(Jacques Soppelsa; STRATEGIE ET DEFENSE, Dec 82) 1

NORWAY

- Group of Twenty Labor MP's Spearhead Anti-TNF Drive
(Jan Otto Hauge; NY TID, 2 Feb 83) 5
- Anti-TNF Forces in Labor Party Seen Completely Victorious
(Pal T. Jorgensen; DAGBLADET, 2 Feb 83) 8
- Reagan Comments on Brundtland TNF Stand Solidified Opposition
(Ivar Leveraas, Einar Forde Interview; DAGBLADET, 2 Feb 83) 10

TERRORISM

GREECE

- Government Silent on Arrest of Jordanian Terrorist
(AKROPOLIS, 31 Jan 83) 13

ENERGY ECONOMICS

FEDERAL REPUBLIC OF GERMANY

- Vogel's Choice of Energy Adviser Seen as SPD Policy Change
(DER SPIEGEL, 24 Jan 83) 14

ECONOMIC

AUSTRIA

Bank Secrecy Attracts Few Foreign Investors (DIE WELTWOCHE, 2 Feb 83)	18
Drawbacks of Banking System, by Inge Santner Bank Secrecy Laws Listed	

CANADA

Quebec Finance Minister Discussed 1983 Economic Prospects (Jacques Parizeau Interview; LE SOLEIL, 13 Jan 83)	22
-----------------------------------------------------------------------------------------------------------------------	----

GREECE

Free Public Transit Provided as Consumer Prices Rise (ELEVTHEROTYPIA, 21 Jan 83)	27
Air Agreement With Bulgaria Includes Varna-Salonica Link (K. Gkotsinas; ETHNOS, 29 Jan 83)	30
EEC To Reduce Exports of Clothing, Construction Materials (Andonis Dalipis; ETHNOS, 30 Jan 83)	31
Foreign Drug Companies Reportedly To Depart (I VRADYNI, 20 Jan 83)	33

NORWAY

Ship Industry Experiencing Worst Crisis in Postwar Period (Grete DeLange; AFTENPOSTEN, 19 Jan 83)	34
Oil and Gas Exports Aid in Achieving Trade Surplus in 1982 (AFTENPOSTEN, 19 Jan 83)	36

SPAIN

Reserved Business Criticism of Government Economic Policy (EL PAIS, 29 Jan 83)	37
Labor, Management Talks Continue After Initial Agreement (Rodolfo Serrano; EL PAIS, 31 Jan 83)	40
IEE Calls for Pioneering Technology in Spain (ABC, 16 Dec 82)	43
Proposals Tendered by Solchaga to Foster Industry (YA, 28 Jan 83)	44
High-Tension Grid May Be Nationalized Future Industrial Policy, by Carmen Tomas	

Former Ministers Dispute Gonzalez Economic Statements (YA, 23 Jan 83)	48
Comparison of Public, Private Sector Pay Scales (Francisco Mercado; EL PAIS, 30 Jan 83)	51
Gijon Paralyzed by Multi-Union Strike, Demonstration (Carlos Fuente; EL PAIS, 26 Jan 83)	54
CEO Salary Scale Rejected by Unions (Rodolfo Serrano; EL PAIS, 27 Jan 83)	56
Oil, Electricity Figures; Foreign Energy Dependence (ABC, 10 Jan 83)	59
Major Attention To Depressed Fiscal Condition of Rural Areas (Various sources, various dates)	61
Tax Burden on Agrarian Sector, by Arturo Cenzano Rural Area Seen as 'Tenant Farmer' of Madrid, by Fernando Cruz Unbearable Fiscal Condition, by Jovellanos	

TURKEY

DESIYAB Gears Up To Help Companies in Trouble (Kenan Mortan; CUMHURIYET, 8 Jan 83)	67
Government Moves To Support Contractors Abroad (DUNYA, 5 Jan 83)	70
Credit Insurance Called Key to Boosting Exports (DUNYA, 22 Jan 83)	72
Worker Rights, Labor Peace Essential to Economic Recovery (Halil Tunc; MILLIYET, 23 Jan 83)	74
Yagci Interviewed on Econometric Model For 1983 (Fahrettin Yagci Interview; CUMHURIYET, 9 Jan 83)	76
Dynamic Economic Role for Maritime Bank Urged (Osman Ondes; DUNYA, 19 Jan 83)	82
Export Credit Limits Extended (DUNYA, 15 Jan 83)	84
Import Schedule Seen Jeopardizing New Industry (Handan Gorgunay; DUNYA, 21 Jan 83)	86
Statistical Survey of 1983 Economic Prospects (Ihsan Ersan; DUNYA, 21 Jan 83)	88

Kafaoglu Addresses 1983 Economic Policy (MILLIYET, 22 Jan 83)	93
------------------------------------------------------------------------	----

Disparate Views on Value of Public Housing Law (CUMHURIYET, 23 Jan 83)	95
---------------------------------------------------------------------------------	----

POLITICAL

AUSTRIA

Pahr on Middle East, Other Foreign Policy Issues (Willibard Pahr Interview; LA PRESSE DE TUNIS, 27 Jan 83)	97
---------------------------------------------------------------------------------------------------------------------	----

BELGIUM

PSC's Deprez on Relations With CVP, Steel Industry (Gerard Deprez Interview; KNACK, 19 Jan 83)	104
---------------------------------------------------------------------------------------------------------	-----

FDF's New Chairman, Future Prospects Viewed (Frans Verleyen; KNACK, 19 Jan 83)	108
-----------------------------------------------------------------------------------------	-----

CANADA

Speculation in PQ on 'Post-Levesque' Leadership (Pierre Vennat; LA PRESSE, 22 Jan 83)	111
------------------------------------------------------------------------------------------------	-----

G.-D. Levesque Gaining Ground as PLQ Interim Leader (Pierre Vennat; LA PRESSE, 22 Jan 83)	113
----------------------------------------------------------------------------------------------------	-----

CYPRUS

Syrian SAM-5's Could Hit Akrotiri Base (EIKONES, 5-18 Feb 83)	116
------------------------------------------------------------------------	-----

Briefs AKEL Protests Tudeh Members' Arrest	118
-----------------------------------------------------	-----

FEDERAL REPUBLIC OF GERMANY

Renewal of FDP Support in Baden-Wuerttemberg Assessed (Hermann Rudolph; DIE ZEIT, 14 Jan 83)	119
-------------------------------------------------------------------------------------------------------	-----

Boelling Assesses FDP Contributions to Government (Klaus Boelling; DIE WELTWOCH, 2 Feb 83)	123
-----------------------------------------------------------------------------------------------------	-----

Greens' Kuhnert, SPD's Welteke on Hesse Negotiations (Jan Kuhnert, Ernst Welteke Interview; DIE TAGESZEITUNG, 21 Jan 83)	128
--------------------------------------------------------------------------------------------------------------------------------------	-----

Vogel Picks Campaign Advisers, Cabinet Members (DER SPIEGEL, 24 Jan 83)	132
----------------------------------------------------------------------------------	-----

FINLAND

Election Campaign Positions, Tactics of Parties Analyzed (HELSINGIN SANOMAT, various dates)	135
Socialist Party Has Koivisto Asset, by Erkki Pennanen Center Party Burdened With Rural Image, by Valle Heiskanen Christian Party Stressing Family, Near East, by Janne Virkkunen	
Support for Political Parties Examined as Election Nears (Erkki Pennanen; HELSINGIN SANOMAT, 6 Feb 83)	144
Swedish People's Party Seeks to Widen Appeal Among Finns (Hannu Leinonen; HELSINGIN SANOMAT, 2 Feb 83)	148
Sorsa Discusses Economy, Election Campaign (Kaa Eneberg; DAGENS NYHETER, 28 Jan 83)	151
Poll Shows Sorsa as Overwhelming Favorite for Premier Post (HELSINGIN SANOMAT, 6 Feb 83)	154
Conservative Party Encouraged by Continued Growth in Polls (Ritva Remes; HELSINGIN SANOMAT, 6 Feb 83)	156

GREECE

Reportage on Heated Exchanges in Parliament (Various sources, various dates)	160
Minister Accused of Intemperance, by Kostas Kekis Karamanlis' Implication Condemned, by G. Fatsis Discussion on EEC Benefits	
Large But Silent Numbers Seen Wishing Agreement on Bases (Marc Marceau; LE MONDE, 4 Feb 83)	164
Text of Law on Creating Civilian Positions for KYP (EFIMERIS TIS KYVERNISEOS, 29 Oct 82)	165
Text of Law on Abolition of the Individual Preference Vote (EFIMERIS TIS KYVERNISEOS, 17 Nov 82)	168
Averof Succession Field Opens in ND (TA NEA, 21 Jan 83)	175

PASOK-KKE Understanding Means No Identity of Views (Sotiris Kostopoulos; EXORMISI TIS KYRIAKIS, 15-16 Jan 83)	176
Government Changes Forecast, More Technocrats in (MESIMVRINI, 24 Jan 83)	179
Various Scenarios on Bases Evaluated (Nikos Emm. Simos; I KATHIMERINI, 16-17 Jan 83)	181
NORWAY	
CP Chairman Kleven Wants Cooperation With Socialist-Left (Harald Syvertsen; FRIHETEN, 28 Jan 83)	183
CP Organ Encouraged by Socialist-Left Chairman's Stands (Theo Koritzinsky Interview; FRIHETEN, 26 Jan 83)	185
Defense Ministry Defends Prestockage After CP Organ Charges (Bjarne Aaberg; AFTENPOSTEN, 19 Jan 83)	188
Briefs Christian Party Debate Over Coalition	189
PORTUGAL	
PCP Central Committee Declaration on Upcoming Elections (AVANTE, 3 Feb 83)	190
APU Municipal Election Victory (DIARIO DE NOTICIAS, 17 Jan 83)	199
Socialists Attempt To Mend Fences With CGTP (Jose Pedro Castanheira; O JORNAL, 21 Jan 83)	200
UGT's Open Letter Offers Reconciliation With CGTP (O JORNAL, 21 Jan 83)	203
PS' Gama: We Will Be People's Party, Not Class Party (Jaime Gama Interview; EXPRESSO, 22 Jan 83)	205
Briefs New Azores Appointments	209
SPAIN	
Basque Peace Effort Stymied by HB Intransigence (YA, 30 Jan 83)	210
Leonese Integration Into Castillian Entity Protested (Inigo Dominguez; YA, 30 Jan 83)	212

TURKEY

Token on Stages in Preparation of Political Parties Law (Metin Toker; MILLIYET, 16 Jan 83)	214
Foreign Policy Development Seen Paralleled by China (GUNAYDIN, 23 Jan 83)	216
Penalties for Nonsecular Activities Adopted (CUMHURIYET, 7 Jan 83)	220
Bill Defines, Provides for State of Emergency Conditions (CUMHURIYET, 9 Jan 83)	223

MILITARY

FEDERAL REPUBLIC OF GERMANY

Ex-General's Study on NATO Reform Considered (Adelbert Weinstein; FRANKFURTER ALLGEMEINE, 10 Feb 83)	225
---------------------------------------------------------------------------------------------------------------	-----

FINLAND

Northern Forces Commander Suggests More Lapland Exercises (BERLINGSKE TIDENDE, 19 Jan 83)	228
----------------------------------------------------------------------------------------------------	-----

FRANCE

Three Missile-Launching Subs on Patrol Since December (LE MONDE, 27 Jan 83)	229
Arms Industry Biggest Exporter in 1982 (LE NOUVEL ECONOMISTE, 31 Jan 83)	230
Iraq To Get 29 Mirage F-1's in 1983; Asks for Super-Etendard (LE MONDE, 5 Feb 83)	232
Briefs	
'La Praya' at Reunion	234
'La Praya' at Mayotte	234
Antitank Missile Guidance	234

GREECE

Security Corps Reorganization Announced (N. Krikis; TA NEA, 2 Feb 83)	235
--------------------------------------------------------------------------------	-----

Mirage Aircraft Purchase Studied (TA NEA, 5 Feb 83)	236
NETHERLANDS	
Naval Aviation, Ship Construction Program Noted (LA NOUVELLE REVUE MARITIME, Jan 83)	237
NORWAY	
Stray Defends Arms Prestockage Agreement Before Parliament (ARBEIDERBLADET, 3 Feb 83)	239
PORTUGAL	
Details on Naval Maneuvers Released (O DIA, 29 Jan 83)	240
SPAIN	
Decision on Major Ground-to-Air Missile Purchase Nears (EL PAIS, 30 Jan 83)	241
GENERAL	
PORTUGAL	
Statistics on Literacy Rates, Educational Levels (O DIA, 14 Jan 83)	243

SECURITY, DISARMAMENT POLICIES SAID BASED ON 'NO-WAR' STRATEGY

Paris STRATEGIE ET DEFENSE in French Dec 82 pp 13-14

[Article by Jacques Soppelsa: "Defense of France and Disarmament"]

[Excerpts] II. French Security Policy and the Prospects of Disarmament

Quite obviously, the profound mutations that have occurred in the field of East-West relations cannot leave France indifferent. By reason of its specific position in this space, it has particular exigencies on the level of disarmament, just as it is capable of taking initiatives capable of moving this undertaking forward. Contrary to the strategy of NATO, which explicitly envisions the possibility of a conflict at the same time that it is a strategy of deterrence, France founds its security on a no-war strategy. The end purpose of the French deterrent force is not to win a war; its sole objective is to prevent war, to deter the adversary from recourse to the use of force.

Our defense policy is not aimed at winning a war; and this is for several reasons:

1) First of all, because we know that any conflict of broad scope waged in Europe would necessarily mean the destruction of Europe--that is, our destruction. From this point of view, it is important to state clearly that recourse to conventional weapons only does not absolutely imply that the damage caused would be less than those produced by nuclear weapons. Indeed, the volume of conventional forces facing one another in Europe is such that the destruction would be just as considerable (in World War II, the bombings of Dresden and Hamburg caused as many deaths as those of Hiroshima and Nagasaki). The only difference--if one may say so--between a conventional war and a nuclear war waged in Europe would have to do with the time factor: nuclear destruction would be almost instantaneous, while the same result would be achieved only "after" several weeks with conventional weapons. This should therefore convince us that there is no clean war, or weapons that are more humane than others.

Furthermore, the probability that a conflict of broad scope could be kept at the conventional level is very low: the greater probability, indeed, is that NATO's conventional inferiority would rapidly lead the Westerners to use their tactical nuclear weapons so as not to be forced into capitulation; and as regards the Warsaw Pact, it is clear that in a conflict of broad scope, it would

put into action from the beginning all the means, nuclear and conventional, at its disposal.

Thus there is no doubt but that war in Europe would mean the elimination of us. It is this conviction that leads us:

--on the one hand, to promote a defense strategy that makes war unthinkable, unacceptable to any aggressor;

--on the other hand, to maintain that the work toward disarmament in Europe should deal simultaneously with conventional weapons and nuclear weapons, and not just conventional weapons alone, as was proposed in May 1978 by the then president.

2) In the second place, a no-war strategy and autonomy of decision are inseparable.

In effect, if we were to deter an aggressor by making him understand clearly that he could not win the conflict started, this would imply for us that we are as strong as he. We could adopt that strategy, but in such case it would be necessary for us to draw all the consequences from it and to decide to participate in NATO again. The fact is that France alone is not capable, on the basis of its military capacities, of deterring a potential adversary such as the Warsaw Pact or the Soviet Union.

Only an alliance system can do so, and for the other European countries, that is the reason for their membership in NATO.

Some, at this point, will not fail to say to us: isn't your no-war strategy, then, first of all the reflection of a strict national egotism? Certainly not, for at least two reasons:

--in the first place, we have said, and repeated, that our strategy of deterrence will not lead us to ignore our commitments to our allies, whether within the framework of the Treaty of Brussels (1948) or within that of the Treaty of Washington (1949). Indeed, it is clear that any military aggression against one of the states of West Europe would constitute a threat to all the others. The overall security of the Europeans would then be jeopardized. Among the various missions assigned to our conventional forces, certain ones take these hypotheses into account;

--in the second place, within the strategic context that we know, our nuclear-deterrence capacity not only guarantees our security but it also contributes to the security of our partners. There is in a way a synergy resulting from our no-war policy. In effect, so long as we possess the capacity for autonomous deterrence, we increase the uncertainty among the adversary decision-makers and we oblige them to make a precise evaluation of the risk that they run if they use force. This is precisely the effect sought by our deterrent force.

A national deterrent strategy and the security of Europe are not contradictory --to the contrary.

For all that, should autonomy of decision be preserved? Without a doubt, since we consider that what presents the greatest risk to peace in Europe is the dangers that result from the confrontations between blocs--in a word, the logic of the blocs.

Furthermore, who does not see that our autonomy of decision alone gives us the total freedom of evaluation that we have regarding crises occurring in Europe as well as in the southern hemisphere? "France declares peace in the world," stated the motion adopted by the Socialist Party at the conclusion of the January 1978 convention on defense. How could we declare peace in the world--that is, take the initiatives required for solution of the problem of underdevelopment or resolution of the conflicts in Central America, southern Africa, of crises in Europe, if we did not preserve our autonomy of decision, the independence of our foreign policy? Finally, and in the same way, it is our autonomy of decision that enables us to take specific initiatives in the domain of security in Europe and of disarmament.

III. The Foundations of a True Disarmament Policy

Maintenance of peace and promotion of disarmament thus constitute an essential aspect of French security policy. This, as we have seen, involves a complete change of perspectives, one that presupposes an overall political will that takes into account the imperatives of national defense and the existing relationships of forces and that deals in an /overall/ way with the totality of the factors of our security.

Two lines of thinking can define this policy:

--on the one hand, it is advisable to draw the lessons from what can be described as the "quasi-permanent failure" of disarmament for the last 30 years and more, so as to seek out the new ways for a slowdown in the armaments race; --in addition, France should henceforth take specific initiatives aimed at diminishing the volume of forces and the tensions that particularly threaten European security. But let us not forget that "peace is the product of convergent actions, dealing with both the strategic and political and the economic questions."

Thus, a plan of action as regards disarmament should involve several levels, and particularly that of the United Nations Organization, despite the mediocre results achieved by the two special sessions of 1978 and 1982.

While at the same time marking its unconditional opposition to "condominium" and its firm position against accepting any kind of American-Soviet "diktat," our country should be able to give proof of its good will by fitting into the network of the treaties already made, when the fact of our signing is effectively propitious to the advancement of peace in the world.

Our action in favor of disarmament could thus be manifested by the creation of regional zones of security and by the prospects of a real conference on reduction of the forces and tensions in Europe--a conference comprising the entire range of nuclear and conventional forces, the tactical and strategic weapons, the measures of confidence, technological transfers, etc.

This policy will be both ambitious, in the sense that it will thus touch all the possible sectors in which a disarmament effort can be developed, and realistic--because before talking about elimination, it is necessary first of all to envision talking about control.

"This will to be faithful to our history," as Pierre Mauroy stressed in September 1982, "shows that France does not conceive its security in a restrictive sense and attests to our commitment to peace with respect for our ideals."

11267

CSO: 3519/305

GROUP OF TWENTY LABOR MP'S SPEARHEAD ANTI-TNF DRIVE

Oslo NY TID in Norwegian 2 Feb 83 p 6

[Article by Jan Otto Hauge]

[Text] The "second center" of the Labor Party will decide the missile question.

Since last fall, a faction consisting of 20 prominent Labor politicians has held half a dozen meetings at the Norwegian Transport Workers' Union. Their purpose--to force the Labor Party to reject missile deployment.

It is this group that will decide whether Gro Harlem Brundtland succeeds in her effort to avoid a split and a contested vote on the missile issue at the party congress.

Included in this "legal" faction are such major Labor politicians as the chairman of the Oslo Labor Party, Bjorn Tore Godal, former cabinet member Jens Evensen, the chairman of AUF [Labor Youth League], top union leaders and a number of Storting representatives.

The group that has been meeting has had no formal leadership. The meetings have been held at the premises of the Norwegian Transport Workers' Union, in part because the union's vice chairman, Odd Bach, is a member of the group. The number of people attending the meetings has varied, but it has not exceeded around 20 people.

The group has its strategy prepared for the national congress. They will give their blessing to the missile report, which they fully agree with and which gives them 95 percent of what they are working for. In addition, they will propose the inclusion of one or two sentences that will make the resolution 100 percent satisfactory. Thus the Labor Party will not be able to avoid voting on the missile issue.

Legal Faction

There can be no doubt that the faction is a "legal" one. Many of the participants are such close private and political friends of party vice

chairman Einar Forde that there is not the slightest possibility that he has been unaware of the regular meetings. He took part in a similar faction 10 years ago. The issue then was EC. Aside from the fact that the meetings then were held in the quarters of another union, the Norwegian Laborers' Union, the outlines and to a large extent the participants are the same.

From the beginning they set a goal that they have already gone a long way toward fulfilling--to change the main standpoints of the Labor Party on missile deployment and NATO's nuclear strategy.

Represent the Membership Majority

The faction has worked in the secure knowledge that the situation in the Labor Party is different than it used to be. Behind them they have poll after poll showing that they represent the majority--of both Labor voters and party members. It would be impossible today to take organizational steps against the activities of this kind of faction. It is this "second center" that currently represents the main portion of the party. The traditional "right wing," Guttorm Hansen, Odvar Nordli and others, consists of people who are all on their way out of active politics. Their only strength today lies in the fact that they still control important positions in parliamentary life and have some support in the Storting group.

All Sections Included

It is easy to imagine the uproar that would ensue in the Labor Party if anyone tried to take organizational steps against this array of well-known politicians:

Bjorn Tore Godal, chairman of the Oslo Labor Party [OAP]. Almost a third of the delegates at the national congress come from OAP. Jens Evensen of the Foreign Ministry, member of the missile committee and former cabinet minister. Thorbjorn Jagland, an employee of party headquarters and secretary of the missile committee. He was once chairman of AUF. Egil Knutsen, current AUF chairman and a member of the central committee of the Labor Party. Arne Kokkvold, head of the Labor Movement archives. Arthur Svensson, influential chairman of the Norwegian Chemical Union. Odd Bach, vice chairman of the Norwegian Transport Workers' Union and the "host" of the faction's meetings. Olav Boye, information secretary of the Norwegian Graphics Union. Arne Treholt, Foreign Ministry employee and currently a student at the Defense College, former permanent secretary and press attache for Norway's United Nations delegation. Storting opponents have been well represented all along and these five, at least, have met one or more times: Grethe Knutsen, Hordaland, Anne Lise Bakken and Sigbjorn Johnsen, Hedmark, Inger Lise Gjørsv, North Trondelag and Kirsti Grondahl from Buskerud.

Confusion, But Strategy Clear

The so-called "compromise" with the two delegates of the party leadership, Knut Frydenlund and Torvald Stoltenberg, which led to the missile report has created confusion in the group's mutual strategy in the last 2 weeks. Knutsen, Jagland, Evensen and Turid Sand support the report which they prepared themselves. Even before the report was officially presented, it was attacked by Storting representatives Sissel Ronbeck and Grethe Knutsen. They demanded a clear answer to the last question--a rejection of the deployment of new weapons under any circumstance. Odd Bach and Olav Boye told NY TID before the report came out that nothing could change their demand for an absolute rejection of deployment. They will probably be followed by many people in the Labor Party.

6578

CSO: 3639/66

ANTI-TNF FORCES IN LABOR PARTY SEEN COMPLETELY VICTORIOUS

Oslo DAGBLADET in Norwegian 2 Feb 83 p 2

[Article by Pal T. Jorgensen]

[Text] The left wing of the Labor Party now considers victory certain. There is no doubt that the missile issue is moving toward a final Labor rejection of the deployment of new NATO missiles. The center of gravity in the party has shifted from center-right to center-left on security policy, those on the left wing of the Labor Party believe.

The discussion of the missile issue at the Labor Party's national committee meeting yesterday was not very dramatic. A unanimous national committee backed the plan of the missile committee--and the central committee. No one asked for a minority report this time either.

No Problems

As expected, it was easy for the party leadership to "sell" the missile committee's presentation to the national committee. Although some speakers from the left wing of the party--such as Sissel Ronbeck--felt that the national committee could go all the way at this time, there was no problem in getting a unanimous vote for the resolution.

This time former Prime Minister Odvar Nordli did not demand any minority report. But during the debate he explained why he had made reservations to the central committee. Nordli also stressed in his speech--as did many others--that no question should be raised now about our NATO membership.

Victory Seen Certain

After this national committee meeting, most people in the party think that the "missile package" will also pass the national congress in April.

Some impatient people on the party's left wing would probably rather have a clear no vote passed by the congress too. But even if such a resolution is not passed, the "no" group now considers victory 100 percent assured.

They are no longer in any doubt that the Labor Party will vote this fall to clearly reject deployment of new Cruise and Pershing missiles in West Europe. The fact that the issue will go out for debate by county organizations before the final vote is taken simply strengthens the left wing.

No in Storting

"This method of treatment will strengthen the goal of No to Nuclear Arms, namely a final no in Storting to this deployment. A united Labor Party is needed for such a resolution and that is what we are achieving," AUF [Labor Youth League] chairman Egil Knutsen told DAGBLADET. Knutsen was a member of the party's missile committee.

"I strongly reject Stein Ornhøi's statements that we are putting party considerations ahead of the nuclear arms threat. We are laying a solid foundation for Norwegian rejection of deployment," said Knutsen.

Overrun

And what does the security policy right wing of the Labor Party have to say about what is happening now? Very little. That is quite simply because there is little they can say. Neither Guttorm Hansen nor Odvar Nordli has any chance of promoting his real views. As one member of the party's national committee said to DAGBLADET after the meeting yesterday:

"The two are now trying to present the situation as if they are extending themselves as much as possible to create unity and peace in the party. But in reality, they have no choice. They have been totally overrun."

6578

CSO: 3639/66

REAGAN COMMENTS ON BRUNDTLAND TNF STAND SOLIDIFIED OPPOSITION

Oslo DAGBLADET in Norwegian 2 Feb 83 p 2

[Interview with Labor secretary Ivar Leveraas and Labor Party vice chairman Einar Forde by Hanne Gamnes]

[Text] The American ambassador to Oslo and the Reagan administration are not held in particularly high esteem in the Labor Party at the moment. Party secretary Ivar Leveraas told DAGBLADET that the Reagan attack had a unifying effect on the Labor Party. Vice chairman Einar Forde said that we are experiencing a "California" effect in Norwegian politics.

LO [Norwegian Federation of Trade Unions] chairman Tor Halvorsen's comment was that the American attack on Harlem Brundtland certainly did not weaken the basis for party solidarity. "I think it was very unwise of Ambassador Austad to lash out in that way and this is not the first time it has happened," Halvorsen said to DAGBLADET.

[Question] Might it not be a good thing for the Labor Party to rally against an "outside enemy," the Reagan administration, at this time, party secretary Leveraas?

[Leveraas] No, I will not accept that way of putting it, because the question might give the impression that the move is a tactical one on the part of the party chairman. It is not. It is primarily a move to underline the point that the West must show willingness to negotiate and that the Labor Party's plan is an attempt to sketch out a future line for the United States and the Soviet Union.

[Question] But the effect of the American attack was a unification of the Labor Party, was it not?

[Leveraas] My own opinion is that this is the effect it is having. I totally agree with Odvar Nordli that such moves have a tendency to lead to the exact opposite of the effect one had in mind.

[Question] Did the ambassador's move come at an opportune time?

[Leveraas] No, I think it was unfortunate in the sense that it gives an impression of the United States that neither we nor the United States should be interested in giving.

Labor Party Standing on Own Legs

[Question] Is this what will carry the Labor Party safely through the missile issue?

[Leveraas] No, I do not accept that sort of thinking. The Labor Party is able to stand on its own legs and will do so in this matter also.

[Question] Was it necessary for the party chairman to attack the Reagan policy?

[Leveraas] She did so to emphasize that the dual decision has a negotiation part that requires an equally strong and systematic pursuit as all the deployment preparations.

[Question] Was Harlem Brundtland's move planned?

[Leveraas] It was primarily the party chairman's first presentation of the arms reduction plan. It is natural that she put it against the background of the current political situation.

Party Backing

[Question] Is the American move helping to unify the party, vice chairman Einar Forde?

[Forde] We had no need for that kind of help. I am not one of those who are so indignant about the form of the move. The ambassador chose an unusual method, but we must be content to refute his accusations. I would just like to point out that to a large extent Gro has worded her criticism along the lines taken by all the European NATO countries and there is no doubt that she has the backing of the party for the main viewpoints she expressed on this matter.

[Question] What was the internal effect of the American response within the party?

[Forde] The effect was unifying, but the important thing in the long run is what the government's position will be. I have a hard time understanding how the government can keep on applauding the Reagan administration in the long run.

We Must Speak Out

[Question] Will the American attack subdue the internal party debate?

[Forde] No, I do not think it will have such a decisive effect on that. Reagan has replaced the liberal people in his administration and those who understand Europe. We must speak our minds on this or risk a "California" transformation of Norwegian politics. This is a threat to solidarity in the NATO alliance.

[Question] Did the American move prove to be helpful for you?

[Forde] I had a feeling that we did not exactly need it, useful as it turned out to be.

6578

CSO: 3639/66

GOVERNMENT SILENT ON ARREST OF JORDANIAN TERRORIST

Athens AKROPOLIS in Greek 31 Jan 83 p 1

/Text/ Greek police are holding a Jordanian in connection with the bloody bomb attack on a synagogue in Rome last October.

As mentioned in a telegram from the Athens Press Agency in Rome, an article on this case was published in yesterday's edition of LA REPUBBLICA.

The newspaper, quoting Ministry of Justice sources, adds that the Jordanian being held is named Abdul al Zumar, 22 years of age, and it is believed that he belongs to an extremist Palestinian organization. The report also mentions that he will shortly be extradited to Italy.

A 2-year old boy was killed and 30 persons wounded in the bomb attack.

It is to be recalled that a terrorist group perpetrated the attack that blew up the synagogue in Rome.

The attack raised a wave of strong protests both in Italy and other countries.

Silence in Greece?

Up to now, there has been no reaction on the part of Greece. It is not to be precluded that silence is being maintained for well-understood security reasons.

Yesterday afternoon, AKROPOLIS made inquiries into various ministries but since it was the week end it was not possible to get any proper information.

5671

CSO: 3521/191

VOGEL'S CHOICE OF ENERGY ADVISER SEEN AS SPD POLICY CHANGE

Hamburg DER SPIEGEL in German 24 Jan 83 pp 50, 52

[Article: "A Bright Spot--SPD Candidate for Chancellor Vogel Picks as Energy Policy Adviser a Man Who Is Counted Among the Critics of Nuclear Energy"]

[Text] At some point or other in the late fifties, college student Klaus Meyer-Abich looked out of the window of the big lecture hall on the fifth floor of the State Institute for Physics in Hamburg into the nearby yard of the remand prison and worried about his profession.

Well over 10 years after the dropping of the first atom bomb, the young man, full of self-doubt, wondered "how long mankind would continue to stand for the progress of science and when they would have us physicists go round in the yard down there."

As yet Klaus Meyer-Abich, 46, long since a graduate physicist, PhD and regular professor for philosophy of science at the university in Essen, has not landed behind bars despite his dangerous profession.

Nevertheless the philosophizing scientist has drawn attention in public: the candidate for chancellor of the Social Democrats, Hans-Jochen Vogel, has made the committed supporter of solar energy his official personal adviser in the election campaign on questions of energy, environment and research policy.

Meyer-Abich advocates a great many things which used to be suspect among ruling Social Democrats when Helmut Schmidt was in charge. The key questions of the survival of industrialized societies, in the opinion of Meyer-Abich, have been approached only very hesitantly by the politicians in Bonn. "They are sitting in a glasshouse and seeing to their careers," he says.

The scientists from Hamburg does not expect the salvation of man to lie in the greatest possible growth rates of the GNP. He finds the "natural environment" more important, saying that it must be respected not only "for its own sake" but as "part of creation."

According to Meyer, the destruction of the environment is a prime example of the fact that "interests of private industry do not automatically or in all circumstances serve the common good."

The maxim valid for postwar times, "The more, the better," is finished as far as Vogel's adviser is concerned. Twice as many high-rises and superhighways or double the amount of energy, he says, have long since ceased to be the equivalent of twice the public benefit.

Through economies in energy, Meyer-Abich wants to make better use of available sources of energy. And for years he has been pleading for decentralized use of solar energy.

Energy politicians, he says, must not just move on the "hard" path of big technology; they should also tread "soft paths"--of utilization of solar energy or building small technologically sophisticated coal power plants. In the mid-nineties, says Meyer-Abich, FRG citizens will then have to decide which path they want to take.

This way of relaxing the nuclear energy dispute through compromise had also been pointed out by the German Bundestag commission charged with inquiring into "future energy policy," in which Meyer-Abich participated as a universally recognized expert. Members of the SPD-FDP Federal government, however, mocked the members of the commission as naive "boy scouts." Helmut Schmidt. Economics Minister Otto Graf Lambsdorff and Research Minister Andreas von Buelow put their stakes on growth and on nuclear energy.

And so it happened that the Essen professor's nomination to the post of Vogel's energy adviser was promptly interpreted as a change in the Social Democrats' energy and environmental policy, as dissociation from the policy of Helmut Schmidt and as a hurried adjustment to the Greens, who might have the crucial say on 6 March as to whether or not Vogel becomes chancellor.

It did not take long to gather material for such an interpretation. The chapter in the election platform of the Social Democrats entitled "Seek Peace With Nature and Preserve the Environment" has been given such prominence that Antje Huber began to be concerned, suspecting that the Social Democrats were taking the fight against unemployment less seriously than environmental policy.

As far as substance is concerned, too, one can recognize the authorship of Meyer-Abich, what with Vogel adopting his thesis that what has become necessary is "not only just the protection of man from the forces of nature, but more so the protection of nature from the forces of man, from the technological forces of man."

Meyer-Abich, who personally does not belong to any party, has also had little trouble otherwise identifying with Vogel's party's election platform.

In energy policy, candidate for chancellor Vogel has given priority to domestic coal over nuclear energy. True, there is also a provision for "limited utilization of nuclear energy in clearly set security conditions," but only if there is a "simultaneous effort to forgo nuclear energy in the long run."

The SPD election platform warns that at the end of this decade the nuclear power plants will have to be put out of action if there is no evidence of "safe waste disposal at home or new possibilities of it abroad."

No sooner had the draft been sent out than Adolf Schmidt, coal and atom promoter, powerful chairman of IG Bergbau und Energie [Mining and Energy Trust] and SPD Bundestag deputy, protested. Schmidt was concerned about his clientele in the Ruhr and pleaded for striking this passage.

But Vogel had a surprisingly easy time of making his line prevail in the SPD Executive. It turned out that, to the surprise of many, his election platform in this point corresponded exactly to the SPD's Munich decisions.

What the candidate did have to fight for in the party executive was another point. "We do not consider completion of the Main-Danube canal appropriate," the election platform states. For a whole hour, the Bavarians, led by their Land chairman, Helmut Rothmund, tried to have that sentence deleted. Finally, however, Vogel's line, which is not all that new, won out.

Vogel managed to justify his no to the superfluous canal by pointing out that he would not under any circumstances fall back behind the decisions of the former Schmidt-Genscher government. That government had, however, advocated a "qualified completion" of the expensive project harmful to the environment.

The decisions made by the leading SPD body concerning the fast breeder, however, did not fully satisfy Vogel adviser Meyer-Abich. In his theses for the candidate for chancellor, he had suggested that Vogel offer the billions-of-deutsche-marks grave for sale at 1 mark or close the construction site.

Such an unequivocal decision was not reached by the SPD Executive. The comrades do not want to incur the blame of creating with their election platform the prerequisite for the biggest investment ruin in the Federal Republic. The Social Democrats did, however, support the decision of their Bundestag deputies no longer to make any public funds available for the controversial project. This would mean the end of the breeder, through. One member of the executive commented: "We found a formula which does not discredit anyone but which shows what we would like if we really could."

There can be no question of a "change in course," of a turn to the Greens, in these decisions, says SPD Deputy Harald B Schaefer. Everything had already been decided that way, or similarly, by the party.

Yet there is a substantial difference from the old government days. Helmut Schmidt hardly concerned himself with party congress decisions. He ruled as he thought he had to. Now, nuclear power skeptic Schaefer says, pleased: "the man at the top helps carry that forward."

In the opinion of adviser Meyer-Abich, Vogel's candidacy therefore is "a bright spot."

As yet Vogel is not having an easy time, however. As yet his party is in opposition, and as yet programs can be formulated without the decisionmaking constraints of the government.

The candidate asserts, however, that he is serious with his platform and that he has not chosen any adviser with whom he is not in essential agreement. He had not taken Meyer-Abich's language into his election platform "just for the sound of it"--merely for show.

The extent to which the respective task, that of the government or that of the opposition, can change one's consciousness, however, was impressively demonstrated recently by the SPD in the sphere of energy policy.

As late as mid-1982 a clear majority of SPD Bundestag deputies was in favor of canceling the safety-motivated Bundestag reservations put forward in 1978 against the operation of the fast breeder. After the change in administration the SPD suddenly almost unanimously voted in favor of adhering to the Bundestage reservations for the time being.

If Vogel should become chancellor after 6 March, the opposition against a policy according with the party congress decisions and Meyer-Abich's ideas would be bound to increase again.

The Vogel adviser nevertheless thinks that, owing to its long political experience, the SPD is ready to answer the "real questions" of industrialized society. If things go the way the professor desires, the election result should therefore "compel (the SPD) to adopt the real questions of the Greens."

Whether this would be attained if the adviser's candidate could govern without the Greens--in other words, with an absolute majority--that the philosopher does not say.

8790

CSO: 3620/206

BANK SECRECY ATTRACTS FEW FOREIGN INVESTORS

Drawbacks of Banking System

Zurich DIE WELTWOCHE in German 2 Feb 83 p 11

[Article by Inge Santner: "A Melancholy Smile"]

[Text] The Austrians are doing little more than shrugging their shoulders about Helmut Hubacher's claim that they are "Balkan-type" financial acrobats. Appearances are deceiving: Austria is not a financial eldorado.

Just recently, Helmut Hubacher, the head of the Swiss Socialist Party, came out in print chastising his Austrian party friends for being altogether immoral. He was accusing Austria—ruled now for the past 12 years by a socialist government—of indulging in Wild West tactics and boy scout romanticism. He even went so far as to attack Austria's chancellor Bruno Kreisky by name. "Bruno," he said, "has no scruples. He is ready to take the business away from the Swiss financial centers. There is no getting around it: the Austrians are part Balkanese."

Hubacher's Nightmare

The Swiss are particularly incensed because they seem to think that the evil Austrians are right in the midst of solidifying their bank secrecy laws while the Swiss are about to hold a referendum on relaxing them further. Hubacher felt that this amounted to unfair competition. And while he was at it, giving vent to his patriotic rage, he announced the dispatch of a Swiss Socialist Party delegation to Vienna to look into the "odd banking practices there."

None of this sounded terribly courteous. And how did the otherwise touchy Austrian social democrats, who are always ready to fly into a rage themselves, react to these unfriendly words from neighboring Switzerland? Surprisingly, they reacted not at all. They were content to have the Austrian embassy in Bern issue a denial and beyond that brushed the matter aside in a melancholy way. For the fact is that Hubacher's accusations are entirely unfounded, much to the dismay of Austria's banking community. The chances of Austria's offering strong competition to Switzerland as a financial center have been and continue to be quite meager. Over the past 5 or 6 years, to be sure, Austrian banks have been able to win large and reputable foreign customers, primarily from the Near East. But this had nothing to do with a particularly liberal

interpretation of the bank secrecy laws. The depositors are by no means anonymous. They are firms interested in diversifying their portfolios and which therefore make deposits not only in the United States, in England or Switzerland but also in Austria. Their reasoning is obvious. They do not intend to risk being cut off from their holdings some day as Iranian businesses were which had concentrated their deposits in the United States in accounts that were blocked when the hostages in the U.S. embassy in Tehran were taken.

It is also true that the possibilities for making anonymous deposits in Austria are not worse but in fact better than in Switzerland. This is not a new development (none of the pertinent decisions were taken in the recent past) and it also does not suffice to attract anonymous funds into the country. The fact is that the temptation to do so is offset by various possibilities for government interference.

Austria's contradictory banking policies are best explained as part of a historical review. The key to it can be found in the state of affairs—including the politico-psychological situation—immediately following the end of World War II.

The Austrian people had then just emerged from Nazi domination under a garrison economy which permitted the state to interfere in all aspects of life and left no personal sphere untouched. Logically enough, there was a great need for expanding that very personal sphere. There was a distrust of all state institutions—including the banks, which in large part are owned by the state in Austria. Whatever personal funds there were—and there were precious few in the midst of general poverty—did not end up in bank accounts but in piggy banks. The Austrian state administration which has a great weakness for authoritarianism and bureaucracy—a heritage, no doubt, from the days of the monarchy—found itself in a difficult position. It realized that the suspicious Austrians—if they were not given an opportunity to bank their money anonymously—would either not save at all or else deposit their funds abroad. The government grudgingly took the consequences.

Starting in 1948, a number of measures were adopted. First, there was the introduction of the totally anonymous savings account for which there is no equal in Switzerland. Anyone is permitted to deposit money anonymously and to withdraw it by giving the password. Anonymous transactions, however, are not permitted.

Then, there was the permission to purchase domestic and foreign stocks insofar as they were listed on the Vienna stock exchange. Anyone can go to the stock window at any bank and anonymously pay the purchase price. He is then given a voucher entitling him to buy the stocks. Stocks which are only listed in foreign countries may be purchased as well but must remain with the bank where they are purchased.

Then, there were the numbered accounts for foreign nationals such as are customary in the United States and in Switzerland as well. These are not

anonymous accounts strictly speaking but the depositor's name may be known to only two of the bank's officials. The only purpose is to minimize as much as possible the danger of indiscretions on the part of the bank's employees.

Authoritarian Government Practices

Without a doubt, both the anonymous savings accounts and the anonymous purchase of stocks might serve to attract foreign depositors.

Why is it then that internationally speaking Austria still is not as attractive as a financial center as it might be and why it can only offer marginal competition to Switzerland? For the very simple reason that has already been mentioned: because the Austrian government resorts to authoritarian practices and never gives up any of its oldtime prerogatives voluntarily.

Specifically, this is reflected in the fact that the Austrian schilling is freely convertible only on a de facto basis and not de jure. The government would be empowered to introduce certain restrictions on Austrian nationals at any time. It would merely take an executive order whereas in Switzerland it would take a new law. In addition, the Austrian government automatically assumes that anonymous deposits are owned by persons subject to domestic currency regulations—although evidence to the contrary is admissible.

Of course, restrictions on free convertibility have been purely theoretical thus far; they have never actually been ordered. And there is no indication that they will in the future. But the deterrent effect on foreign depositors is a very real one indeed.

Internal banking statistics prove how minimal the role is that foreign flight capital plays in the Austrian scheme of things. Foreign ownership of anonymous savings accounts totaling 530 billion schillings is estimated at about two percent or 10.6 billion schillings. The foreign share of stocks purchased anonymously is probably even smaller.

It is therefore understandable that Austria's banking community has reacted to Hubacher's sally with a melancholy smile in the main. For another thing, Kreisly's office informs us that no Swiss Socialist Party delegation has yet been announced. Perhaps they have realized in the meantime that there is nothing worth studying.

Bank Secrecy Laws Listed

Zurich DIE WELTWOCHEN in German 2 Feb 83 p 11

[Text] 1. Tax Regulations

Austria: In the course of an investigation, a bank is required to respond to queries by tax authorities concerning particular individuals suspected of tax evasion and in case settlements proceedings between the authorities and the individual proved unsuccessful. In case of tax offenses of a criminal nature, banks are required to supply information under any circumstances.

Switzerland: Banks are not required to provide information in assessment proceedings. The information requirement depends on the type of tax and the type of offense. It thus applies to federal taxes (exclusive of defense taxes) in the case of all offenses; and to canton taxes in cases of tax evasion, if proper legal proceedings are instituted in that particular canton.

2. Civil Suits

Austria: Banks may refuse to provide information.

Switzerland: The information requirement depends on the applicable procedural law. Under the provisions of federal civil law and the procedural law of some of the cantons, judges may absolve witnesses from the need to testify. In some cantons, there is no compulsory requirement to testify; in others, it is compulsory to testify.

3. Criminal Suits

Austria: Banks must provide information.

Switzerland: Banks must provide information with a few exceptions.

4. Attachment Proceedings

Austria: In the case of attachment of claims, banks, as third-party debtors, are required to provide information. There is no such requirement in the case of temporary injunctions.

Switzerland: As third-party debtors, banks are required to provide information. In the case of arrest proceedings, this requirement does not exist.

As the comparative listing indicates, there are differences mainly in the regulations governing the requirement to provide information in the case of civil suits and tax proceedings.

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CC: 5620/206

QUEBEC FINANCE MINISTER DISCUSSED 1983 ECONOMIC PROSPECTS

Quebec LE SOLEIL in French 13 Jan 83 p A-13

[Interview with Jacques Parizeau by Michel David; date and place not specified]

[Text] During an interview, Quebec finance minister Jacques Parizeau showed moderate optimism as to economic revival in 1983. He confided to journalist Michel David that revival depends on two major factors: private industry's plans, and consumer conduct. On the one hand, he expressed readiness to offer his hand to private investments, but on the other he gave little hope for reduction of individual taxes.

Convinced that the downward movement of interest rates is underway for good, finance minister Jacques Parizeau is relying on some 10 large industrial projects, which could total \$3 billion, to start up the economy again.

During an interview given to SOLEIL last week, M Parizeau, who is also has the major responsibility for economic development, painted a fairly optimistic picture of economic prospects for 1983.

After seeing Quebec lose 200,000 jobs in a year "we have the impression the bottom of the barrel has been reached," he considers, "while in Ontario or British Columbia the economy is plummeting like a rock."

In view of the encouraging signs visible in the United States, the minister is counting on "a revival, though not a very strong one" in Quebec, provided two conditions are met: that certain investments are carried out, and that consumers change their conduct.

Despite that, no appreciable improvement should be expected in the unemployment situation. "At best, we can expect a stabilization of the unemployment rate," M Parizeau concedes.

James Bay--Taking up the Slack

"The major problem for some time to come," explains the finance minister, "is that the James Bay project is just about completed."

To measure that reality, it must be realized that two years ago Hydro-Quebec investments represented 30 percent of all productive investments in the province, public and private. "Now, new investments must be found, if only to compensate for the decline in those made by Hydro-Quebec," M Parizeau continued.

To sum up, in the minister's words "we are starting with two strikes against us":

First, investments are low in the private sector because of the bad economic situation;

Secondly, overall investments are still more so because of the slowdown in hydroelectric projects.

In the public sector possibilities remain rather limited. It is out of the question to build new schools when the school population is in free fall, and the equipment program for the hospital system is also nearly finished.

The government does state, however, that it has identified two sectors in which short-term intervention is possible: water purification and public transportation.

Water purification agreements have already been signed with many municipalities, but they are still to be implemented, especially outside Montreal. M Parizeau promises "a cascade of public works projects throughout the province" in the near future, and investments on the order of \$200 million.

Within the CUM [Montreal Urban Community] public transportation development could entail investment of \$100 million, and facilities for the old port of Montreal, in collaboration with the federal government and the private sector, could come to \$300 million.

"With those three things," M Parizeau assures, "the drop in volume of Hydro investments can be offset."

Stimulating Investment

But for 1983-84 really to be a year of recovery--even moderate--it is above all necessary that some 10 private projects should start up, which could be reflected in investments of \$3 billion.

To assure establishment of its aluminum plant at Becancour by the French firm Pechiney-Ugine-Kuhlmann, a \$1.5 billion project, the government is prepared to sell it electricity at half price, as it did to Reynolds at Comeau Bay. Negotiations on the same basis are in progress with a third aluminum producer.

"We are having fire sales of electric power for as long as we know we will have a very big surplus," says M Parizeau.

The government is also prepared to conclude agreements requiring budgeted outlays. If an enterprise is delaying investment projects because of interest rates, the government is ready to grant financial aid under two conditions: work on the projects must begin immediately, and tax receipts resulting from them must equal or exceed the amount of the subsidy.

M Parizeau admits that in concluding understandings of that type he will be "extremely discriminating." He explains that "we have drawn up a list of 20 to 25 projects for negotiation case by case, without any standard."

"I cannot increase the deficit to any significant extent," continues the finance minister. "I must then be certain that tax receipts will offset or more than offset the sums I lay out." That is indeed the principle applied to the work-housing program.

In certain cases, the government could associate itself directly with the investor, as it is doing for the Pechiney aluminum plant, in which the SGF /General Financing Corporation/ could invest \$300 million, or in the case of Rexfor's association with the American firm BATO to build a paper mill at Matane.

If even half the planned projects are completed, the sum infused into the economy could reach \$3 billion.

Aid to Exports

The government is also inquiring very seriously into the possibility of accelerating certain export contracts by improving their financing.

M Parizeau recognizes the federal government is doing good work in aid to exports. Despite that, Quebec is now losing contracts, mainly in the Third World, because its competitors offer better financing terms.

"Why should not the Quebec government add to federal aid, which would permit jobs to be created?" asks M Parizeau.

The principle will be the same as for industrial investments: projects will be negotiated individually, and will have to bring in, in tax receipts, a sum equal to or higher than the subsidy paid. "I am willing to be chairman of the economic development committee, but I must also be finance minister."

In the latter capacity, M Parizeau has moreover indicated that the growth of special levies on enterprises will be practically frozen. Only employer contributions to the pension system might be increased, as a consequence of retirement systems harmonization throughout Canada.

Special levies must not be a negative factor for enterprises wishing to establish themselves in Quebec, and M Parizeau declares "there is no thought of increasing employer contributions so long as they are not increased in Ontario."

Reassuring Consumers

None of those measures will be effective, however, unless consumers, who now consume too little and save too much, change that behavior. And there is no guarantee they will.

"Everything is happening as if individuals were still as afraid of unemployment as six months ago, and as if the drop in interest rates were to be only temporary," explains M Parizeau. "We must then succeed in calming apprehensions as to unemployment. That can be done by new investments and increased exports."

Even though the unemployment rate remains high, the minister considers that it influences consumers less than the dismissals which occur around him.

"The unemployment rate can go up because more people enter the labor market, which remains a somewhat abstract phenomenon to the consumer, but if two or three of his neighbors lose their jobs, that is something else--which can also happen to him." Conversely, the start of a few big projects will restore his confidence, the minister hopes.

Figures, moreover, can appear a little better than reality. When they are compared to last year's, it is noted that unemployment rose less rapidly in Quebec than in Ontario or British Columbia, simply because Quebec was hit by the recession much earlier.

By the end of 1982, five Canadian provinces had gross unemployment rates higher than Quebec's: Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island, and British Columbia. "It is the first time in 30 years I have seen that," declares M Parizeau.

The minister recognizes the importance of the technological changes which will alter the labor market in years to come. But he remarks--a bit annoyed by the emphasis put on it these days--that "the technological change in direction can be made over three or four years, whereas the government's first responsibility is to put the idle back to work right away."

As for interest rates, the finance minister says he is convinced that in spite of recovery signs the American economy is still so weak that rates will stay at their present level, or even continue to fall, despite the huge deficit announced by Mr. Reagan.

And if consumers see they are being assured interest rates will remain stable, they will resume spending. As proof, there is the success of the work-housing program, or the car sales by dealers who have guaranteed a fixed rate for the entire repayment period.

Towards the Budget

Such are the prospects unfolding before M Parizeau as he busies himself with preparation of the next budget, on which--as is his habit--he is maintaining absolute discretion.

One certainty is that it is quite out of the question to add significantly to the deficit for further stimulation of the economy. So tight budgeting will remain the order of the day.

For 1982-83 the finance minister now foresees a deficit on the order of \$3.3 billion. Compared with the budget address of last May, that represents an increase of about \$400 million, attributable to an anticipated drop in revenue.

"It is very hard, but not catastrophic," says M Parizeau. "We are getting by better than Ottawa, Ontario, or British Columbia, which have had to make much larger revisions."

Reduction of the spread between the tax burdens of Ontario and Quebec remains one of the minister's aims, but whether it will be possible this year to begin to realize that goal is another question altogether.

In all probability an individual income tax reduction cannot be expected, and M Parizeau refused to say whether the 1 percent sales tax increase, initially planned for a year, will be abolished or maintained in the next budget.

In view of consumers' present behavior, the minister does not think a tax reduction would contribute to stimulation of the economy. "It would be a drop in the bucket," he explains. "The taxpayer would not spend any more; he would say 'Thank you very much,' and put that money in the bank."

6045

ISO: 3619/37

FREE PUBLIC TRANSIT PROVIDED AS CONSUMER PRICES RISE

Athens ELEVTHEROTYPIA in Greek 21 Jan 83 pp 1,3

[Text] Those who ride on city transit systems (bus, trolley, electric bus) will not pay a fare from the first morning trip until 0800, every day of the week, in Athens, Piraeus and Salonica. This government decision was announced last evening, 20 January, along with the new pricing policy which provides for increases in electric power (12 percent), in fares for city transit (100 percent), OSE [Railways Organization of Greece] (20 percent), and Olympic Airlines (30 percent) and in telephone calls (15 percent).

More specifically, at the 20 January meeting of the Government Council (KYSYM), the following was decided:

Free use of transit systems from the first morning trip until 0800, every day of the week. As the government representative stressed, the measure will be extended to other cities with the public takeover of transit which will begin in 1983, but he did not clarify which cities these will be.

He added that free use also during the workers' return trip is being studied, but in combination with the non-interrupted work day. The measure, he continued, is an incentive for citizens to use mass transit, while it is also a social salary. In 1983, he ended, 422 buses and 100 trolley cars will be added in the Attiki basin.

What Is Increasing And How Much

1. Beginning 1 March, DEI [Public Power Corporation] bills will increase an average of 12 percent.
2. Beginning 1 February, fares on all city transit systems in Athens, Piraeus and Salonica will increase from 10 to 20 drachmas.
3. OSE fares will be increased by 20 percent.
4. Olympic Airlines fares for flights abroad will go up 30 percent. For domestic flights, the increase is on the order of 28 percent for the Salonica, Irakleion, Rhodes, Khania and Kerkyra routes, while for the remaining routes it is 15 percent.

5. Charges for OTE [Greek Telecommunications Organization] calls are being increased from 1.60 to 1.90 drachmas for the first 150 calls and from 2 to 2.20 drachmas for the following calls. Other OTE charges remain the same.

These increases, the government representative said characteristically, do not cover the cost of the services provided. The government will try to reduce the deficit of public organizations and enterprises by increasing productivity and compressing cost.

Referring specifically to Olympic Airlines deficits, he said that the company's operating cost must be carried by those who make use of the airline, not the whole of society through taxation.

Interurban Buses

Fare increases for interurban buses were not announced; Minister of Transportation Nik. Akritidis had stated they will be up to 25 percent. The reference to increases in these fares is owing to the fact that the interurban bus drivers are on strike.

No Increase In Water

The rate for water is not going to rise this year. A related categorical statement was made on 20 January by the minister of public works, Ak. Tsokhatzopoulos, who added that maintaining the same price for water is a result of the economic situation of EYDAP [Capital Area Water Supply and Drainage Company] being improved by an increase in productivity and a significant decrease in its operating expenses.

Mr. Tsokhatzopoulos explained that the company's liability was decreased to a great degree in 1982 (from 6 billion, when the change in government occurred, to 1.2 billion). What still needs to be done, said Mr. Tsokhatzopoulos, is to settle the EYDAP debt from loans which is close to 25 billion drachmas. The debt is owing in part to construction of the Mornos water works.

Cigarettes Five To Eight Drachmas

Cigarette prices will be increased from five to eight drachmas a pack, depending on the category.

As Minister of Finance D. Koulourianos stated, the tobacco manufacturers are asking the government to approve an increase of from six to ten drachmas. However, their request is meeting opposition from the Prices and Revenues Committee which agrees that cigarette prices must be raised, but by one to two drachmas less.

In their request, the tobacco manufacturers maintain that, owing to devaluation of the drachma alone, the cost of producing cigarettes is now increased by three to four drachmas a pack.

On the Port

All the Piraeus port rates are increased, following the related decision of the OLP [Piraeus Port Authority] Administrative Council. The council came to this decision on 20 January after a lengthy discussion about revenue from exploitation of the port, in combination with the 1982 developmental program.

In addition to the OLP Administrative Council members, representatives from concerns having dealings with the port also took part in the discussion.

A Bleeding

The following communication was issued by the New Democracy Press Office: "Telephone, electricity and city, interurban and air transit are increasing, up to double in many cases. This is yet another bleeding of the family income which has been frozen by the income policy and reduced drastically by unemployment.

"In essence, it is a new, very burdensome, camouflaged taxation. It will certainly add four to five units to the price index and intensify terrible inflationary pressures created by devaluation of the drachma.

"The government is making an effort to gild the pill with the free fares from 0500-0800 since it knows very well that the pill is very bitter."

KKE: Heavy Load On Workers

As concerns the price increases, which the government announced on 21 January, with assurances that they are contributing to restoration of the public enterprises, the KKE Central Committee Press Office made the following statement:

"Of course, there is an urgent need to restore the public enterprises. But this requires abolishment of the gratuitous services made by the public enterprises to the monopolies, annihilation of waste and bureaucracy in these enterprises, their modernization and democratization with substantial participation of the workers, and designation of a pricing policy which will serve the workers' needs and development of the national economy, particularly its public sector.

"Contrary to all these, the government took only one measure: It is throwing a new heavy load on the workers' shoulders by increasing the prices on services of the public enterprises, at the same time it has legislatively frozen salaries and wages and it is not implementing the ATA [expansion unknown] as it had declared."

KODISO

The following communication was issued by the KODISO [Party of Democratic Socialism] Politburo: "The government has not announced, aside from price increases, specific measures for restoring the public enterprises. Nothing essential is happening to improve the organic structure and operation of these enterprises and their productivity. On the contrary, every day they become more and more bogged down. The government continues to inflict sacrifices on the people without ensuring the organic restoration of the country's economy."

9247

CSO: 3521/175

AIR AGREEMENT WITH BULGARIA INCLUDES VARNA--SALONICA LINK

Athens ETHNOS 29 Jan 83 p 14

/Article by K. Gkotsinas/

/Text/ An agreement on the opening of an air connection between Varna and Salonica is included in a transportation cooperation protocol signed yesterday between Greece and Bulgaria.

According to exclusive information of ETHNOS, the two parties, after having examined the prevailing situation and after having reviewed their relations in the field of transportation, agreed to the following:

- To provide links (highway, railway and air) between the two countries. With regard to highways and railways, the two parties agreed that there should be a point of communication other than that now existing in Promakhona.
- To make preparations for (i.e. to complete all technical projects) between now and the summer of 1984 and to put into service the new Svilengrad-Neon Ormineion highway (near Alexandroupolis).
- To make use of the ports of Northern Greece (Salonica, Kavala and Alexandroupolis) for transit shipping of goods from Bulgaria to countries of the Middle East, and vice-versa goods to Bulgaria, Yugoslavia, etc.
- Improvement of cooperation in the use of existing railway rolling stock of the countries and cooperation in the renting of railway locomotives and cars (both passenger and freight).

The drawing up of a long-term agreement on the development of all forms of transportation was discussed during the meeting of the two delegations.

This agreement would include the following: (1) the use of vessels of the Greek merchant marine fleet, and (2) the modernization of the ports of Northern Greece.

According to our altogether verified information, the two parties have agreed to be ready in 3 months so that the new long-term agreement could be signed and would go into effect in mid-May 1983.

Heading the Greek delegation was Mr Pottakis, stand-in minister of national economy, and Deputy Minister of Communications Aslanis, while heading the Bulgarian delegation was Deputy Minister of Transportation Ferdov, a specialist on railway questions.

EEC TO REDUCE EXPORTS OF CLOTHING, CONSTRUCTION MATERIALS

Athens ETHNOS in Greek 30 Jan 83 p 4

/Article by Andonis Dalipis/

/Excerpts/ Imports of goods on which Greece had requested reductions will be limited to specific quantities and not to percentages as was the impression up to now.

This important fact, both for importers and Greek manufacturers of such products, was confirmed yesterday by Minister of Commerce G. Moraitis.

He specifically told ETHNOS that the EEC will permit Greece to limit the import of each product to a specific quantity. In reality, it will determine the amount that Greece will be forced to import.

The percentage of reduction for several products will exceed 40 percent in relation to imports in 1982. However, the ceiling that will be determined for each product will relate proportionately to the type and to the production capability of the product's factories in Greece

Of course, the Greek Government will calculate the amounts into percentages since it will subsequently consign imports of goods proportionately to merchants.

The final decision for the restriction of imports is expected to be issued by the EEC tomorrow. However, there is a possibility that an extension might be made and the decision will be made on Tuesday.

The EEC has already prepared the decision but the so-called "written procedure" has not yet been completed.

The original decision will refer to the restriction of imports on few products but most important ones for the Greek economy. The import of those products that had inundated the Greek and had created problems for domestic production will be curtailed for all of 1983.

Those products refer to athletic shoes and a few other kinds of footwear, construction materials, cigars, beverages, furniture, athletic clothing, as well as other categories of ready-to-wear clothing.

Immediately following the ratification of the EEC committee's decision, the Ministry of Commerce will send telexes and explanatory flyers to all banks. These documents have already been prepared in expectation of the decongestion of customs offices so that normal customs clearings might begin on the basis of the new restrictions.

5671

CSO; 3521/189

FOREIGN DRUG COMPANIES REPORTEDLY TO DEPART

Athens I VRADYNI in Greek 20 Jan 83 pp 1,12

[Excerpt] Nine of the largest foreign pharmaceutical companies are leaving Greece. Their departure from our country is believed to be a consequence of the government's policy to nationalize the drug industry; a direct result will be a shortage of irreplaceable prototypal drugs for certain serious illnesses. At the same time, a thousand or more workers employed in these companies will suddenly be without work.

According to I VRADYNI's exclusive information, this concerns the Sterling, Ross, [Bristol] Myers, Wyeth, Pfizer, Boehringer, Smith-Kline [and French] and Johnson companies.

Meanwhile, drug shortages are increasing on the market and, according to information, aside from prototype drugs, eye-washes are now missing.

Nevertheless, thus far the government has taken no measure for pharmacies to receive their normal supply of drugs. According to the estimates of observers, it appears that the whole issue has been purposely abandoned to fate, and so begins the force of the law on the National Drug Organization.

The whole issue of "socializing" drug industries was discussed at the three-day U.S.-EEC Conference of Small Parliamentary Committees. In fact, the foreign parliamentarians referred to this both in the meeting they had on 18 January with the prime minister and on 19 January with Minister of National Economy Arsenis. More specifically, the U.S. and German representatives broached the question of how it is possible for the Greek Government to look forward to investments from abroad when it follows a policy of socialization also in the drug industry sector.

9247

CSO: 3521/175

SHIP INDUSTRY EXPERIENCING WORST CRISIS IN POSTWAR PERIOD

Oslo AFTENPOSTEN in Norwegian . 19 Jan 83 p 25

[Article by Grete DeLange]

[Text] "During the first half of 1983 we will suffer the greatest crisis in shipping during the postwar period. The market is bleak in almost every area. Fortunately, offshore activity still is somewhat better off. We must be prepared to see many ships sold in the near future and shipping companies will disappear or go bankrupt."

These views were stated last Tuesday by the president of the Norwegian Shipowners' Association, shipowner Atle Jebsen, in this year's first speech at the Polytechnical Association. His paper was entitled "Norwegian Maritime Activity: A Growing Norwegian Industry?"

Jebsen also said that the trend toward internationalization would increase, but that no one could escape the crisis by registering ships abroad. In itself, operating ships under foreign flags solves neither our productivity nor our cost problems. There are only certain types of shipping that may be operated more profitably under foreign flags. It is most important for us to begin at home and take care of Norway's problems first.

The president of the association stressed that the prerequisites are present, but constant adjustments must be made in order to utilize them. We have little chance, for example, of competing under the Norwegian flag when it comes to shipping conventional goods from point A to point B. We have become too expensive for that. We must seek areas where we are competitive. We must utilize our know-how and invest in highly productive activities. According to Jebsen, this means we must go over to what is called industrial shipping. We must cooperate with industry and other freighters to develop comprehensive transport systems. We also must become more involved in more specialized areas. We must become more technologically advanced and international. We must continue to develop our marketing techniques. Norwegian companies are "slow learners" when it comes to international marketing. Finally, we must expect increased activity in the offshore area.

Protectionism

Jebsen also touched on the rise of protectionism throughout the world. Norwegian shippers are affected by this trend in two ways. We feel the effects of declining world trade and we are shut out of markets as a result of protectionism. This is a devastating trend for our business. The struggle against protectionism will continue to be a primary concern for Norwegian shippers. This is precisely why we are so concerned over the protectionistic tendencies we now see in our own country, the shippers' association president said. He asked whether Norwegians could act like angels in a world of protectionism and then answered his own question: "We must! protectionism is suicide for a small country that is dependent on selling almost half of what it produces, Jebsen said.

Regarding proposed new crew regulations, Jebsen stressed that the Shipowners' Association was in no way satisfied with the proposed crew regulations, even though they are a step in the right direction. Sailing with a much smaller crew is justifiable from a safety standpoint and a considerable body of material has been presented documenting this point.

"The Commerce and Shipping Ministry must implement new crew regulations without further delay. The Seamen's Union has been especially effective in dragging its feet on this issue for over 1 year. Now they are trying a new tactic by bringing the matter up in parliament. The goal obviously is to postpone the regulations until parliament has dealt with the issue," said Jebsen, who stated that the position of the Seamen's Union was a serious threat to jobs in the industry. He assumed that the government would not give in this time.

In his speech, Jebsen invited the seamen's organizations to cooperate with his association in seeking solutions favorable to both sides.

"Many problems we have with the authorities are not characterized by partisan politics. It is simply a matter of promoting the interests of our industry vis-a-vis other sectors of society. It is obvious that we would have been stronger if the seamen's organizations had worked with us. We have lost many battles for political attention and economic resources because the seamen's organizations have not been involved in the struggle. We have paid the price in the form of lost jobs in the shipping industry," Jebsen said.

9336

CSO: 3639/55

OIL AND GAS EXPORTS AID IN ACHIEVING TRADE SURPLUS IN 1982

Oslo AFTENPOSTEN in Norwegian 19 Jan 83 p 26

[Text] The deficit in the foreign trade of traditional Norwegian goods reached 37.9 billion kroner in 1982, a 15-percent increase over the previous year. The export value of oil and gas set a new record in 1982 at 53.6 billion kroner, an 11.4-percent increase over the previous year, according to preliminary foreign trade figures for 1982 from the Central Bureau of Statistics.

If oil and gas exports and the import and export of drilling and production platforms are included, there was a trade surplus of 14 billion kroner in 1982, compared to a similar deficit of 15 billion the previous year. The import and export of ships are not included in these figures.

The total foreign trade balance, which also includes services and the interest and benefit balances, showed a surplus of 5.1 billion kroner during the first three quarters of last year. During the same period in 1981 there was a surplus of 13 billion kroner. For goods and services, the export surplus dropped from 23.6 billion kroner during the first 9 months of 1981 to 16.9 billion kroner during the same period last year. The deficit in the interest and benefit balance rose from 10.6 billion to 11.8 billion kroner.

The value of traditional Norwegian exports rose no more than 1.1 percent from 1981 to 1982, up to 51.8 billion kroner. Total exports excluding ships rose by 6.9 percent to 107.2 billion kroner in 1982.

There was a 9.4-percent increase in the import of goods excluding ships, so that imports were valued at 93.2 billion kroner.

In December 1982 imports totaled 8.3 billion kroner and exports amounted to 10.6 billion kroner. The corresponding figures for December 1981 were 7.9 billion and 9.4 billion kroner, respectively. If ships, drilling platforms, oil, and gas are excluded, exports were valued at 4.9 billion kroner and imports at 8.3 billion kroner.

The value of crude oil exports showed only a modest gain, from 31.0 billion kroner in 1981 to 31.9 billion kroner in 1982. Gas exports, on the other hand, increased from 17.0 billion kroner to 21.6 billion kroner in 1982.

The seasonally adjusted figures for the period October to December showed an 8.5-percent increase in exports and a 2.4-percent growth in imports, compared to the previous 3-month period. Ships, drilling platforms, oil, and gas are not included in these figures.

RESERVED BUSINESS CRITICISM OF GOVERNMENT ECONOMIC POLICY

Madrid EL PAIS in Spanish 29 Jan 83 p 40

[Text] Before and after the luncheon with the prime minister, during which Felipe Gonzalez enjoyed a sympathetic atmosphere, the socialist executive branch was the target of numerous criticisms of its economic objectives, during the second and final day of the meeting with businessmen organized by the Association for Management Progress (APD). While the representative of the bank painted a dark picture, going so far as to predict that unemployment will increase this year by 825,000 persons, the president of the CEOE did not want to join openly with those refusing to respect the courtesy period of 100 days granted the new government. The session was adjourned shortly before 9 pm by Minister of Economy and Commerce Miguel Boyer, who said that the firm judgments should be made at the end of the legislative session, not after 50 or 100 days.

The criticisms voiced by Rafael Termes, president of the bank employers association, had no ideological content and were focused on the view of the government's goals for 1983 as very optimistic or impossible of achievement. The underlying thought in his address, that which was of greatest interest to those present among the 11 business reports heard yesterday, was that the economy is in a bad way and will not improve, so that the banks have begun to do badly, and that even in the best of cases (maintaining the 1982 results) it will not be possible to lower interest rates in 1983.

When the participants heard this reasoning, there were numerous outbursts of guffaws and exchanges of comments. But some were impressed by the picture painted for 1983, with economic growth of from 0.5 percent to 1 percent (the government has just lowered its first estimate from 2.5 percent to 2 percent), a public administration deficit of 1.4 billion pesetas (Bayer had said 1.35 billion), unemployment reaching 2.6 million by the end of the year (this would mean an increase from 17 to 20 percent of the active population, since the bank employers believe that the figure at the end of 1982 was 2,275,000), inflation in excess of 14.5 percent (the executive branch predicted 12 percent), with the resulting loss in competitive capacity and exports as compared to other industrial countries, interest rates which will at least be maintained thanks to a restrictive monetary policy, and a loss of foreign reserves of between 1 and 2 billion dollars and a current account deficit which can hardly be less than 5 billion dollars.

Termes boasted of having been right in earlier years, when the Spanish Association of Private Bankers was accused of doomsaying. In this connection, he recalled that his initial estimate of the public deficit for last year coincided with the figure just published by the government (1.2 billion pesetas), although he did state that its attribution to the legacy handed down is "a show-window operation," if one remembers the role the PSOE [Spanish Socialist Workers Party] played in the opposition.

"Thus the year 1982 has not favored the banks," Termes added, provoking laughter and murmurs from his hearers. He added that the leading figures in the sector, "the cream of the banking world," increased their profits after taxes by only 9.24 percent. Profits on average total assets, which increased 22 percent, dropped from 0.85 percent to 0.76 percent, and 54 percent of the profit may be allocated to dividends, representing 7.8 percent of capital and reserves. "Your laughter may correspond to my perplexity," he said, "if it is borne in mind that the average stock market quotation for bank stocks is 85 percent of its book value."

The speech by the president of the CEOE, Carlos Ferrer, was shorter, less critical, and was dominated by the main concern of the day--wage costs in 1983. Before setting forth, in this connection, the theory of the three charges to be borne by businessmen (wages, reduction in the labor day and quotas), he said that the socialist goal of creating jobs is "for the time being" postponed until 1984.

Expressing his agreement with the goals of increasing investments and exports, Ferrer indicated that the difficult part is "belling the cat," and that what is needed is a consistent plan of methods and strategies.

Situation in the Various Sectors

The other reports were devoted to an explanation of the situation in each of the economic sectors. As a common denominator, they supported the idea that last year was in general terms somewhat better than the preceding ones, but there is no prospect of substantial advances until the major imbalances are corrected, which will to a great extent depend on the action of the government. In synthesis, the businessmen reported as follows.

--Enrique Moya (president of the National Institute of Industry): The main concern is the pressures, which will doubtless increase, for the INI to overcome some of the failures familiar to all, but this task falls to the cabinet and the parliament.

--Felix Arevalo (tourist sector): Following the increase in the number of visitors in 1982, which ranged between 4.7 and 8 percent, depending on whether or not those in transit are included, it is necessary to reorganize tourist offerings seriously, because the prospects justify moderate optimism.

--Carlos Perez de Bricio (metallurgy): 1982 was somewhat worse than 1981, which was already serious. The causes are to be found in the world crisis, and there are no short-term solutions. Action is needed in two spheres--adaptation of the domestic market to the new circumstances, and deepening and expanding the reorganization to the entire sector.

--Jose Maria Figueras (trade): Domestic trade needs planning, cost reduction and the promotion of integration.

--Jose Luis Diaz Fernandez (chemical sector): Production increased by 1.5 percent in 1982, investments declined and will further decline this year. The results were equal to or worse than in 1981.

--Juan Ignacio Trillo (equipment goods): Production was maintained, with the export of 55 percent, but financial costs increased greatly, and contracts signed indicate that 1983 will be bad and 1984 critical.

--Manuel Gomez de Pablos (electrical sector): Spanish electrical enterprises are as efficient as those in other countries. There is an urgent need for agreement between the administration and the sector to define the area of public intervention, the nuclear sector and the financial area.

Miguel Boyer's address was devoted to a response to a series of questions. He defended the "inexorable logic" of the measures adopted, announced a 4-year economic plan which will attempt to show that there are solutions to the crisis, and promised study, with extraordinary care, of the regulations on economic crimes which the Penal Code will include.

5157

CSO: 3548/131

LABOR, MANAGEMENT TALKS CONTINUE AFTER INITIAL AGREEMENT

Madrid EL PAIS in Spanish 31 Jan 83 p 41

[Article by Rodolfo Serrano]

[Text] The beginnings of agreement on the labor day, wage range and revision clause achieved in the early morning hours of yesterday between the employers and the trade unions does not mean that the negotiations have ended. Talks on other aspects of the future agreement among the confederations, such as employment, pensions, overtime, trade union rights and general efficiency, will continue this week. The employers' organizations--the CEOE and the CEPYME--and the trade unions--the CCOO [Workers Commissions] and the UGT [General Union of Workers] may have difficulties in getting their leadership bodies to accept the document signed at 4 am on Sunday.

The president of the CEOE negotiating commission, Diego de Pedroso, warned just a few minutes prior to the signing that the representatives of the employers had even "gone beyond the limits established by our board of directors." Diego de Pedroso added that "The weight of the responsibility undertaken by the parties in these negotiations has been the most important factor, and it justifies the fact that we have exceeded the limits imposed by our leadership bodies. We believe," he said, "that in any case, the need for agreement in the realm of collective bargaining compensates for this."

The major discrepancies existing within the employers' organization will not be resolved by the first agreements reached, but it is on the contrary quite possible that they will become more acute. For the banking sector, which has been supporting wage increases not to exceed 8 percent, a range such as that which has been accepted in principle presumes a substantial wage cost increase.

The fear of rebellion at the base level weighed upon both the representatives of the employers and those of the two unions, the CCOO and the UGT, throughout the two longest negotiating sessions, that on Friday-Saturday, and that on Saturday-Sunday. The limited commission appointed to draft a provisional text which would include the points of agreement constantly came up against new shadings or purely semantic problems, some of which involved questions of principle.

Setting Limits

Throughout, both parties refused to admit that agreement on principle had been reached, and even refused to accept the term "preagreement." Finally, they

produced a formula which, if taken literally, would mean that negotiations remain practically where they were at the start. The document signed in the early morning hours of Sunday read as follows: "The CEOE and CEPYME employers' organizations and the UGT and CCOO trade unions, represented by those whose names are appended hereto, have reached the conclusion that the limits on the basis of which their respective organizations must make a decision in the realm of wage range, wage revision and the labor day are those set forth in the appendix to this document."

This insistence on being as specific as possible in the text signed yesterday was of special importance to the CCOO. Julian Ariza, toward 5 in the morning on Sunday, warned that "It does not seem right to us that it has already been announced that agreement has been reached. And it is not a question purely of formula. We have a mandate and we cannot adopt decisions which must be made both by our leadership bodies and our base levels. Until those levels have voiced acceptance, one cannot speak of agreement."

The subjects "delimited," to use the negotiators' expression, are the first step toward what might be a good agreement. And on this the CCOO and UGT did agree yesterday, speaking of the difficulty of the talks and of the positive aspects of what had been achieved, despite everything. The wage range, although it has the disadvantage of a gap of three points--from 9.5 percent to 12.5 percent--leaves the door open for pursuing collective bargaining on the concept of maintaining purchasing power, a demand made by the trade unions beginning with the very first meeting.

A novel aspect is that the revision is set for 30 September, i.e. 9 months away, if the consumer price index (IPC) exceeds 9 percent on that day, four-thirds of the excess being calculated for the purpose of predicting the development of the IPC within the 12 months as a whole. It is specified, moreover, that this clause will be included in all the agreements signed in 1983, and in those in effect this year which do not include a wage condition agreement. The initial proposal by the employers set a limit of 14 percent per year, above which no alteration at all could be made. This ceiling was finally withdrawn.

Finally, the trade unions secured agreement that the reduction in the labor day would have no effect on wages, contrary to what was urged by the employers. For the purposes of annual computation, working time will be 1,826 hours and 27 minutes of actual labor, with the possibility of the distribution of this time over quarterly periods allowed, such that the average does not exceed 40 hours per week. In very specific cases, computations may be made for 4-month periods.

Government Intervention

Although the government, unlike what happened with the ANE, did not sit down at the negotiating table here, its participation has been much greater than the parties said they wanted at the beginning. During the long Friday-Saturday and Saturday-Sunday sessions, which lasted 14 and 12 hours, respectively, there was considerable direct pressure from the prime minister himself. On Thursday, Felipe Gonzalez had a long interview with the president of the CEOE, Carlos

Ferrer, in which he insisted on the need to reach agreement in the realm of collective bargaining.

That same day, the head of the executive branch also had an interview with Nicolas Redondo and other leaders of the UGT. During their meeting, Felipe Gonzalez urged them to avoid a break in the negotiations which were at that point about to take place.

The pessimism which had existed until then about the possibility of agreement underwent a radical change. Although the negotiators say that there were no talks between the parties on Thursday, 27 January, the UGT was in touch with the CEOE, expanded the following day to include the CCOO, in an effort to find a solution.

Limits to an Agreement

The limits on which the respective organizations will have to decide in the coming days, according to the text signed in the early morning hours on Sunday, are the following:

--Wage range--from 9.5 to 12.5 percent. Enterprises which can effectively show a deficit or loss situation throughout the 1981 and 1982 fiscal years will not be under obligation to apply these percentages. And the estimates for 1983 will be taken into account. The enterprises included in the reconversion plans will be subject, for wage purposes, to the provisions of those plans.

--Revision clause. Provided that the consumer price index shows an increase of 9 percent as of 30 September, a wage revision will be undertaken, with four-thirds of this excess being used to calculate the expected development of the IPC during the 12-month period as a whole. This increase will become effective as of 1 January 1983. The revision percentage will retain proper proportionality in terms of the wage level initially agreed upon, so that it will remain the same throughout the whole of the year. This clause will be included in all the agreements signed in 1983 or those which are in force for this year but contain no wage condition agreement. The agreements for which the period of application does not correspond to the calendar year will also be revised, if necessary, on the basis of the schedule and criteria established in the present agreement.

--Labor day. For the purposes of annual computation, the 40-hour working week will come to 1,826 hours and 27 minutes of actual work annually, to be established through collective bargaining. The total annual working time will be the same in 1984. The possibility of distributing the labor time quarterly is provided, with the establishment of checks to prevent the weekly average from exceeding 40 hours. In exceptional cases, distribution may be effected over 4-month periods.

--Period of application. The agreement among the confederations will cease to be effective as of 31 December 1983, except where the labor week is concerned.

5157

CSO: 3548/131

IEE CALLS FOR PIONEERING TECHNOLOGY IN SPAIN

Madrid ABC in Spanish 16 Dec 82 p 57

[Text] Madrid--Spain's current economic crisis will not be overcome without an increase in technological innovation as the principal means of improving productivity and making our enterprises more competitive internationally. That is the gist of the last issue of the journal of the Institute of Economic Studies, dedicated exclusively to analyzing the policy of technological innovation.

Taking OECD data as a basis, the magazine makes clear the scarcity of resources as the proportion of the gross internal product that Spain commits to research and development: 0.4 percent compared with 2.4 percent in the United States, 2.2 percent in Great Britain, 2.1 percent in Germany, 1.9 percent in Japan, 1.8 percent in France and 0.9 percent in Italy. One must also point out the lack of available statistical information in the case of Spain in this area, which makes more difficult a meaningful comparison with other countries.

The necessity of increasing technological innovation is very urgent in Spain on account of the peculiar circumstances characterizing our economic structure. Our country possesses an industrial model dominated by sectors appropriate to the first stages of development and especially vulnerable to international competition. Our productive processes use a much greater proportion of labor than the European average, which has an especially negative influence on wage increases. Our dependence on foreign energy continues to be high, having a grievous effect on the Spanish balance of trade. Finally, in addition to being relatively scarce, our capital equipment is outdated.

All of this, according to the journal of the Institute of Economic Studies, "makes it necessary for the agents operating in the Spanish economy to become convinced of the importance of the process of technological innovation." It is for the public sector to orchestrate an economic policy oriented toward facilitating the modernization of Spanish productive equipment. Principal elements of that policy would be the development of a specific budget in this regard, more public expenditures for the said purpose, more fiscal relief, provision of financial resources and amore suitable orientation of industrial policy. In addition, the public research centers should be reformed and strengthened, contributing, ultimately, to creating a social climate open to innovation in the technological field.

PROPOSALS TENDERED BY SOLCHAGA TO FOSTER INDUSTRY

High-Tension Grid May Be Nationalized

Madrid YA in Spanish 28 Jan 83 p 1

[Text] "The country is de-industrialized, resulting in a labor surplus and a sharp drop in industrial employment. The major causes for this state of affairs focus on the absence of investment, an increase in the public deficit, activity concentrated in critical sectors, the lack of competitiveness of our firms, and a tendency to relinquish business responsibilities," Carlos Solchaga, minister of industry and energy, said at the opening of the ADP [Development Association] meeting on the theme of "How Our Businessmen View the Spanish Economy." At the same time, Solchaga announced that the nationalization of the high-tension grid is awaiting a long and far-reaching study.

Carlos Solchaga reported that not to substitute labor with capital and to pursue a humanitarian and unified policy supported by social consensus are basic goals of the Socialist government. He also indicated as fundamental goals the signature this year of the interconfederation agreement, a reduction in working hours, and an increase in leisure time, which would result in a better quality of life. The cost of all these measures, in his opinion, should be divided so that it may not fall exclusively on businessmen.

Concerning general lines of industrial policy, he stressed that this will be based on three planks: Industrial reconversion, energy reallocation, and plans to support the PYME [Small- and Intermediate-Sized Businesses]. As for reconversion, he noted that it is necessary to shun policy of a defensive type, basing priorities on the strategic character of the various sectors which request reconversion, export capability, and job-creation. Similarly, credits will be more flexible through greater coordination between the Ministry of Industry and Energy and the Industrial Credit Bank.

With respect to energy reallocation, a realistic price policy will be followed striving to make Spain less dependent on oil.

To small- and intermediate-sized businesses a specific and aggregate policy will be applied, trying to make data and training available to them.

Future Industrial Policy

Madrid YA in Spanish 28 Jan 83 p 22

[Article by Carmen Tomas]

[Text] Three basic planks will represent the focus of the Socialist government's future industrial policy: Industrial reconversion, energy reallocation, and a subsidy plan for small- and intermediate-sized businesses, according to the statement made yesterday by the minister of industry and energy, Carlos Solchaga, at the opening of the meeting on the theme of how businessmen see the Spanish economy, organized by the APD.

After analyzing the situation of disindustrialization being experienced by Spain, owing in large part to the lack of investment, the increase in the public deficit, the concentration of activities in critical sectors, the lack of competitiveness of Spanish firms, Solchaga indicated the need to fight this state of affairs by initiating a humanitarian and unified policy leading to a shorter working day and an increase in leisure time.

After a review of the international situation, which he characterized as critical, Solchaga indicated that the prospects depend on the evolution of the United States, German, and Japanese economies and on the assistance of affluent to underprivileged countries. In this context he noted that the situation is difficult for Spain and that the expansionary stage of the business cycle will not occur until 1984.

The minister subsequently analyzed the Spanish case, noting a worsening in demand for inventories. He mentioned the need for signing the interconfederation agreement and the shortening of the working day with better division of labor so as to raise the quality of life.

As general lines of industrial policy he focused on three points: Reconversion, energy reallocation, and subsidies to small- and intermediate-sized businesses. As regards the policy of reconversion of the sectors in crisis, Solchaga noted that it is necessary to shun a defensive-type policy and to put together a valid process so that an exhaustive study may be made. He noted that the criteria followed so far have been very general and have not established priorities. The new law, which he said will be ready before the end of this first semester, will take into account the strategic character of each sector, its capacity for exports and generating employment. He indicated that the pursuit of goals has not been successful in that shortfalls have been notable, something that has led to the idea of creating entities that would centralize the management of subsidies.

Assistance to the PYMEs

Regarding his second point--energy reallocation--Solchaga indicated that demand for oil has dropped as has Spain's dependence on oil. But he noted that it is necessary to pursue a realistic pricing policy taking into account changing

factors relating to foreign exchange and prices to insure supplies. "The ministry's policy," he added, "is free of ideological slant, implementing an electoral program appropriate to conditions. Regarding the subject of nationalization of the high-tension grid, he noted that a long and far-reaching study was planned in this respect.

As for the policy of assistance to small- and intermediate-sized businesses, he said that a patchwork policy would not be followed but rather a specific and comprehensive type. There will be more data and training as well as an improvement in the level of technology and financial support made available to the small- and intermediate-sized businesses.

Solchage stated that special attention will be given to financing and access to credit, with firms being authorized to make reciprocal guaranties and back-up underwriting by the government. Similarly, business assistance organs will be created to strive to secure foreign markets in short order.

Finally, Carlos Solchage indicated that because of time limitations it was impossible for him to discuss diverse specific problems such as those of export credits, which he qualified as causing great concern to the government. Neither did he refer to integration in the European Economic Community. In this respect he said that it is a challenge and that it was necessary to think of reindustrializing Spain in terms that relate this process to the rate of integration.

Unfavorable Prospects for Construction

Following the minister's statements Manuel Guasch, president of FASA [Automobile Manufacturing Plant, Inc], spoke, referring to the problem in the automobile sector. On his part Rafael del Pino, president of Ferrovial, noted that construction activity has been dropping since 1974 until it reached 82 percent and is now where it stood 12 years ago in real terms. The year 1982 is the first in 8 years in which there was no downswing in activities thanks to public investment in civilian projects, which has increased by some 30 percent in constant pesetas compared to 1981. In contrast, residential construction activity has seen a further drop: The 3-year 1981-83 housing plan has been phased out especially because of promotional cost increases compared to the purchasing capacity of potential buyers. Finally, Rafael del Pino noted that the prospects for this year do not allow much room for optimism.

After that Daniel Pages Reventos, a farmer, took the rostrum. He indicated that "we should not be surprised that the Spanish agricultural sector should have favored change because if we follow this policy for 4 more years I am afraid that the ADP would save money if it invited no one from our sector to describe how he views the Spanish agrarian economy because, very simply, there would be nothing to see.

"I believe," he added, "that agricultural indebtedness exceeds 1 trillion pesetas and that in the past 7 years it has grown threefold. I hope that final agricultural production will be around 1.8 trillion pesetas for 1982 of which 900 billion would represent our outlays for industrial goods and services."

Finally, Juan Jimenez Aguilar, president of CEPYME [Spanish Confederation of Small- and Intermediate-Sized Businesses], said that "one cannot forget that the intrinsic relation of dependence between the large enterprises of one sector and their ancillary industry leads almost inexorably to abusive situations which can be mitigated by the public authorities through a policy of increased subcontracting, allowing these small- and intermediate-sized businesses to use productive capacity to the maximum.

2662

CSO: 3548/132

FORMER MINISTERS DISPUTE GONZALEZ ECONOMIC STATEMENTS

Madrid YA in Spanish 23 Jan 83 p 8

[Text] The former ministers of finance and agriculture, Jaime Garcia Anoveros and Jose Luis Alvarez, respectively, have publicly denied the assertions made by the prime minister in a televised interview last Friday in which Felipe Gonzalez referred to them in connection with concealment of the true extent of the public deficit and increases in agricultural taxes. Both former ministers commented on the allusions of Felipe Gonzalez and requested that the prime minister make a public clarification in the same direction.

The prime minister himself stated at Barajas airport yesterday that in general the reactions to his statement seemed reasonable to him and that, in any case, he would like to devote more time to answering the challenges one by one. Felipe Gonzalez stressed that the answers he had given newsman Ramon Colom did not represent a message.

"It is impossible," Garcia Anoveros noted in his professional office in Seville, "that there should be a deficit of 1.2 trillion pesetas unless there was a change in the definitions by which the estimates have been handled not only by the former government but also by the Bank of Spain, which is an organ independent of the Ministry of Finance, and whose estimates of the public deficit were similar to ours. There may have been an error, but not of this magnitude. This prompts me to believe that different concepts have been jumbled--something that would have to be explained--or that new operations were introduced at the close of 1982.

"The prime minister's speech in this respect," the former minister asserted, "was very vague. It was limited to saying that the public deficit increased by some 50 percent, but he did not mention how he had arrived at that figure, and this is the point that should be clarified."

Garcia Anoveros also noted that the publicizing of such information and of alarmist data regarding 1982 was also in keeping with the policy for 1983. "Everyone knows that the same data can be presented in different ways. Felipe Gonzalez promised in his campaign to contain the public deficit. He could raise the deficit and claim at the close of 1983 that in the last analysis it is the same as that of the previous administration if he can convince the public that the previous deficit was larger. It is logical that they should want to cover themselves."

Garcia Anoveros said that it is not true that 300 billion pesetas could not be accounted for. "I personally transmitted the statements on these accounts to the new government team in complete detail, and the figures were neither mine nor my predecessor's but rather had originated in earlier years. It is not true that in addition no explanations were made about them given that the Public Accounting Office had been given an account of these outlays by each of the agencies which had spent the funds.

"Neither is it true," the former minister of finance continued, "that the former administration had not drawn up the estimates until March. I gave the press the final accounts for 1981 on 5 January 1982, which indicates speed in the financial control that is now being questioned."

Denial by Jose Luis Alvarez

On his part, Jose Luis Alvarez, former minister of agriculture, denied yesterday the declarations made on Spanish television by the head of government, Felipe Gonzalez, regarding the agricultural tax, and asserted that the government was not obliged to hike taxes and could freeze them as was done in 1981 and 1982.

Jose Luis Alvarez noted that in his comments the head of government had said that the increase in the territorial agricultural and livestock tax was being made on the basis of a decree of the Ministry of Agriculture of the former administration, an assertion that Alvarez considers "absolutely contrary to the truth."

"It is not true," he asserted, "that in March 1982 a revision of taxes got under way. What the decree-law of 17 March 1982 did was precisely the opposite."

According to the assertions of the former minister of agriculture, "that tax was frozen during 1982 in the interest of farmers and cattlemen because of the situation being experienced by the Spanish agricultural sector and the change in the tax brackets was postponed to the 1983-87 5-year period.

"It is not true," Alvarez continued, "that the minister of agriculture and the previous government raised the agricultural tax but rather they avoided, by means of this decree-law, the implementation of the revision of the bases which the revised tax law orders should be done every 5 years."

Jose Luis Alvarez also asserted that already in 1981 and for the same reasons of drought the tax brackets were not revised and he noted that responsibility for it does not lie with the minister of agriculture given that "standards of taxation originate with the Ministry of Finance," and he cited in this respect the decree of 25 June 1982 and the ministerial order of 22 September 1982.

According to Alvarez the revised text of the law on the territorial agricultural and livestock tax of 23 July 1966 decrees in its Article 24 that every 5 years there should be a revision of the tax brackets of the set percentage of the agricultural tax, but the government is entitled not to do so and to

freeze the tax bases for justifiable reasons as it did in 1981 and 1982 because of the poor situation in the agricultural areas, a fact which the agricultural organizations viewed as assistance.

"I had not made any critical comments," Alvarez continued, "but since the prime minister is now indulging in them, I believe that the proposed hike should either be frozen again or be much more moderate than announced. The revamping of these brackets occurred when I was no longer minister, and in the understandings which determine the tax bases, those in charge are the representatives of municipalities and of the Ministry of Finance.

"It is not admissible," Alvarez continued, "that in these declarations made to the entire nation a head of government, who incidentally makes constant allusions to ethics and truth, should be ill-informed or fall short of the truth. Since I cannot admit that there was bad faith on the prime minister's part, the deficiency must be laid to insufficient or tendentious information given to him. One cannot ethically impute to an individual on television the responsibility for an act without being absolutely sure of it when same can impact on his prestige or make people believe that he is responsible for a measure that he has not reinstated, and much less can a head of government do so who only yesterday was saying that as regards information it is necessary to be free but responsible."

2662

CSO: 3548/132

COMPARISON OF PUBLIC, PRIVATE SECTOR PAY SCALES

Madrid EL PAIS in Spanish 30 Jan 83 p 18

[Article by Francisco Mercado]

[Excerpt] In general, public administration employees do not complain of longer hours, but they bitterly complain of the disparity between their salaries and those of the private sector.

Madrid--The elimination of the effective work schedule that had been generally enjoyed previously in the administration, starting at 9:00 or 9:30 am, has been unanimously interpreted by public administration employees as the breaking of a fraudulent agreement; the administration paid low salaries and in exchange it was remarkably permissive about noncompliance with the work schedule.

"If before we were paid in kind, now our salaries will have to be raised," affirmed an employee of the Ministry of Health. Taking this into account, the public administration employees understand that now they have to work 2 extra hours, if not more, for the same salary as before, for which reason they deem it essential to receive remuneration for the new work schedule, whose only difference from the old one is its compulsory compliance.

No doubt the most common and severe problem arising from the introduction of the new work schedule concerns a large number of female public administration workers who under the previous work schedule could start work between 9:00 and 9:30 am and could first take their children to school or to a day-care center. This has caused notable maladjustments and make-shift solutions that are untenable. "Now my husband takes the children to school, but since he is an hourly worker we are losing an hour's pay from his wages," points out a public works employee. "The grandmother solves my problem, but for this I have to get up extremely early," says another employee. "I am lucky to have a brother who is a student, and he takes my children to school," comments another one.

Appealing temporarily to family and friends to take the children to school or to day-care centers, according to the majority of those concerned, will lead in a short time to hiring a person who will take the children to school. But the problem is, as an employee of Labor and Social Security points out, "how

much will the solution cost me, because the school bus already costs me 5,000 pesetas and hiring a woman who would take them to the bus would bring this up to 25,000 pesetas. How am I to pay for this when I only earn 44,000 pesetas?"

Although some workers say the cost of paying someone for this service would be less, deducting 10,000 or 15,000 pesetas for payments such as those mentioned above still seems to them unthinkable.

Whoever does not point to the new work schedule as "a measure against the working woman" mentions as an example the model of East European countries, "where the school day starts half an hour earlier than the laborers' work day." Consequently they ask that the hours be made flexible in these cases, permitting a delay in the starting hour to be made up in the afternoon, or that the school day start earlier, so that it would be compatible with these needs.

There is also a general consensus that the possibility of asking for reduced hours with a proportional reduction in salary, agreed to by the Council of Ministers for those persons with children under 6 years of age or children with physical or emotional impairments, is not a solution either, since the problem, in the opinion of those concerned, involves children older than 6 years, inasmuch as the day-care centers open at 7:00 or 8:00 am but the schools do not open until 9:00 am. Nonetheless most of the ministries have received requests for shorter working hours.

A Very Inflexible Schedule

Female employees of the Ministry of Labor and Social Security have opted, while waiting for a solution, for systematically arriving at 9:30 am and leaving at 4:30 pm, a solution that disrupts the general schedule but that is allowed by the head of personnel rather than "provoke a confrontation," as one of them puts it.

Although the flexible work schedule established in the Ministry of Economy and Commerce, the Ministry of Industry and Energy and the Ministry of Justice is the shared hope of the majority of the female administration employees concerned with this problem, employees from the Ministry of Justice do not see this schedule as a solution, because they believe it is not very flexible. The 7 and 1/2 daily hours of the flexible schedule with no obligation to work Saturdays still has the drawback, in the opinion of some of the female employees, that the latest possible starting hour in the morning has been established at 9:00 am, which continues to make it impossible for them to take the children to school. So an employee of the Ministry of Justice who lives in Alcorcon and has a 10-year-old son and an 8-year-old daughter says: "I wake my children at 7:00 am. I wash them and prepare their breakfast. Half an hour later I leave and they have to remain in the house alone for one hour until they leave for school, alone."

Accordingly they propose as a solution greater flexibility in the schedule, that would permit making up lost hours either weekly or monthly, given that now one is not allowed to accumulate lost time from one day to the next.

The majority of female employees believe that it is essential that the existence of day-care centers in the work centers of the administration be the rule rather than the exception, contrary to what is happening today. Another group of workers who feel they have been wronged, though a minority in number, are the auxiliary and administrative workers with "special duty," since now they are actually obliged to put in the 2 additional working hours to which that supplement committed and still commits them.

Given the skimpiness of the payment for special duty, which fluctuates between 7,000 pesetas monthly for an assistant and 10,000 pesetas monthly for an administrator, those who took advantage of this were allowed to skip the extra hours at the end of the day in exchange for taking turns in covering the evening shift. When that way of life came to an end, which constituted a reciprocal fraud, according to employees who had been taking advantage of it, they realized that they have to work 40 more hours per month in exchange for this pay, which means that each extra hour is bringing them between 175 and 250 pesetas.

9907

CSO: 3548/125

GIJON PARALYZED BY MULTI-UNION STRIKE, DEMONSTRATION

Madrid EL PAIS in Spanish 26 Jan 83 p 39

[Article by Carlos Fuente]

[Text] Oviedo--The city of Gijon in Asturias was completely paralyzed yesterday when the general strike called by the majority of the union locals received complete support. Around 10,000 businesses with some 80,000 workers joined the call to strike which meant almost 100 percent participation, according to union sources. Also, 100,000 persons yesterday were present at the demonstration held at midday which, starting from the Humedal Plaza, ended in the City Hall Plaza after some remarks by the mayor--socialist Jose Manuel Palacio--and by a representative of the unions who was in charge of reading the joint communique.

The general strike took place without any major incidents being recorded. However, in the early hours of the morning approximately 15 cars had their tires punctured when they prepared to take the highway leading to Oviedo. Also, the Alsa transport company and the Narrow-Gauge Railways (FEVE), who were authorized by the strike committee to carry out services with the rest of the province, were obliged to close down while the demonstration was in progress. Several businesses had their show windows broken when their owners did not support the general strike. Both the general strike and the demonstration were called by the unions CCOO [Workers Commissions] UGT [General Union of Workers] CNT [National Confederation of Labor] Leftist Union Current, USO [Workers Trade Union] and CNT [Valencia Congress.] They all agreed that yesterday's events were a success.

Some minutes before 12 noon numerous groups of workers and students began to arrive at the assembly point, and they then joined the planned demonstration. Each of them carried signs mentioning Gijon businesses which were in crisis and demanding solutions for them.

The demonstration was lead by a large sign carried by workers on which could be read the words: "Stand up for jobs in Gijon's industrial crisis," and below this the initials of the unions sponsoring the demonstration, which was attended by approximately 100,000 people. The unions gave a figure of 150,000, and municipal police sources asserted that between 80,000 and 100,000 people had gathered. The demonstration reached the Plaza Mayor, which could not hold all the demonstrators, without any incidents occurring.

The town's socialist mayor, Jose Manuel Palacio, who was booed by a small group and applauded by the majority, assured them that the municipal corporation which he headed supported their demands, and would join in the struggle against the economic crisis which "has been worsening for many years, without the rightist governments which have preceded us having produced any appropriate solutions." After alluding to solidarity and assuring them that these actions were not going to solve anything, but would permit all of us to become aware of the problem, the mayor stated that "Gijon is doing this today to form a democratic base to help us surmount the crisis."

A joint communique stated that of the 3,438 businesses existing in Gijon in 1982, 223 had filed proceedings of crisis, affecting 7,115 workers. Seventy-one businesses have closed down, and 2,610 jobs have been lost.

The secretary general of the PCE [Spanish Communist Party] Gerardo Iglesias, attended the demonstration. He declared that the purpose of this strike was not to criticize and confront the government, but to demand and struggle for real change, so that the brunt of the crisis would not fall only on the workers.

8131

CSO: 3548/118

CEOE SALARY SCALE REJECTED BY UNIONS

Madrid EL PAIS in Spanish 27 Jan 83 pp 1, 39

[Article by Rodolfo Serrano]

[Text] The new salary scale of 8-12 percent which was proposed yesterday by CEOE [Spanish Confederation of Business Organizations] and CEPYME [Spanish Confederation of Small and Medium Businesses] which was previously agreed upon by the governing bodies of the management organizations has brought the negotiations for the 1983 labor-management agreement to a dead-end street, since the unions CCOO [Workers Commissions] and UGT [General Union of Workers] do not appear inclined to accept the proposal. The meeting held yesterday ended late in the evening in a climate which was defined by all sides as one of "near breakdown." "We did not break off today, so as to give ourselves time to think it over," one of the participants commented. As a result, management and unions have postponed the negotiations for 48 hours.

The document that CEOE and CEPYME delivered to the unions yesterday in the meeting on the 1983 labor-management agreement, which will serve as a reference for the collective bargaining negotiations, is comprised of the following items:

--Salaries to be agreed upon during 1983 will extend between 8 and 12 percent. To this end the following factors should be taken into account: Financial condition of the companies, length of the working day, creation of jobs, validity of collective bargaining agreements, and aspects of productivity and absenteeism which may be established within the framework of the agreement.

--The salaries agreed upon during 1983 will be guaranteed by means of a review clause, to be computed as of 30 September of this year, so that the businesses will pay deviations which may occur above 8.87 percent, derived from the repercussion in the Consumer Price Index (IPC) of direct consumption gasoline, and with a ceiling of 14 percent per annum, above which no deviation will be paid.

--The increment will be accrued retroactively from 1 January 1983, and the deviations over the expected IPC (12 percent) derived from the cost of direct consumption gasoline shall be stipulated in such a way that the level of purchasing power agreed upon in each agreement is kept the same throughout the 12 months of 1983.

--Specific commitments regarding the working day must be adopted in the agreement, such as the following: The 40 hours weekly must in any case entail 1834.5 hours per year, unless some other yearly computation is established in the agreement. This figure will be that of actual work, not taking into account as such the obligatory rest periods which may be established legally or by custom.

--The CEOE-CEPYME negotiating committee believes that it should not include other items in the framework agreement, since it understands that those have not been the subject of sufficient negotiation.

In the second part of the management document a "general observation" is made on questions which have been taken into account in fixing the new salary scale. These aspects are specific points like the shifts in salaries which, in the opinion of the Bank of Spain, involve an increment of 2 points over the amounts agreed upon. Increases in social costs, through contributions to Social Security, unemployment, and the fund for guaranteed wages, "heterogeneously planned, and with very differing amounts, but which mean, according to our data, that a salary increase of 12 percent would involve an increase in contributions of 13.14 percent and a salary increase of 10 percent would mean an increase in contributions of 11.89 percent by most assumptions."

This new management proposal (its initial salary scale offer was from 6-10 percent) was decided on Tuesday by the governing board of the CEOE in a meeting which has been characterized as very "rough," so much so that they arrived at a "gentlemen's agreement of silence," so that nothing of what went on there would leak out.

The president of the government, Felipe Gonzalez, met yesterday separately with the president of the CEOE, Carlos Ferrer Salat, and with the secretary general of the UGT, Nicolas Redondo, in an attempt to salvage the negotiations on the collective bargaining. The president requested the two sides to make the greatest effort possible so that an agreement could be reached.

The proposal of a new salary scale of 8-12 percent, which the employers presented yesterday, previously agreed upon by the executive board of the CEOE, has left the negotiations on the 1983 labor-management agreement up a dead-end street, since the CCOO and UGT did not seem inclined to accept the proposal.

The meeting which was held yesterday ended late in the evening in a climate which was defined by all the parties involved as "near a breakdown," and with the only agreement one to give themselves each a 48 hour period for thinking it over. "We did not break off today, so we could give ourselves time for reflection," commented one of the participants.

The president of the government, Felipe Gonzalez, yesterday met separately with the president of the CEOE, Carlos Ferrer Salat, and with the secretary general of the UGT, Nicolas Redondo, in an attempt to salvage these negotiations. The president requested the two sides to make the greatest possible effort to reach an agreement, which would benefit everyone. At the same time, Felipe Gonzalez stated the government's intention not to intervene and to carry on its policy of reconciliation, as well as its plan not to raise the rate of increase of the public deficit.

The offer of the employers, along with the salary scale mentioned proposes that the salaries agreed upon during 1983 be guaranteed by a review clause, to be computed as of 30 September of this year, so that the companies would pay for the deviations which might come about above 8.87 percent calculating the repercussion in the consumer price index (IPC) of gasoline, and with a ceiling of 14 percent annually, above which no deviation would be paid.

8131

CSU: 3548/118

OIL, ELECTRICITY FIGURES; FOREIGN ENERGY DEPENDENCE

Madrid ABC in Spanish 10 Jan 83 p 46

[Text] Madrid (E.R.)--This year's oil imports may experience a significant decline as compared with last year, according to the outlook presented by sources in this sector. The percentage is estimated to be 20 percent, indicating that total imports would be about 36 million tons, 7 million less than in 1982. These estimates are based on the functioning of part of the thermal program, on the Asco nuclear power plant beginning operation, on a normalization of the Almaraz nuclear power plant and on hydroelectric power exceeding the level of previous years.

All of this is associated with a noticeable reduction in the use of fuel for producing electric energy, which increased about 3 percent last year. These estimates are included in the first draft of the National Fuel Plan for this year awaiting final approval after being modified by the current administration.

The diminished use of fuel will have a very direct effect on, or could affect, this year's policy for purchasing crude oil. In this sense it is seen as certain that the trade quota will fall below the 60 percent absorbed last year in approximate terms, and that there will be a reduction in the size of contracts for types of crude oil, this matter being independent of the commitments that the government may make in developing the supply strategy that it deems appropriate. It is very probable that the trade quota will be established in the near future, bearing in mind that its determination has a direct effect on the purchases to be made in the coming months.

These expectations for reduced fuel consumption are maintained, principally by specialized media, despite the increase in electricity consumption, estimated at a little more than 2 percent for the year just past, as can be deduced from statistics for the end of 1982 provided by UNESA.

The fuel substitution, announced as being similar to that of this year, which was over 20 percent, will, as was indicated, be based on full operation of an important part of the program of coal-fired thermal plants designed during recent years and having begun operations in the second half of last year. A new group should be added to this one, since, according to the manufacture, they will be practically completed during this year.

In addition, the specialized media are counting on more hydroelectric power than in previous years and that will facilitate growth in the nuclear groups at Almaraz and Asco, the latter in a phase prior to connection and commercial use, although at a level of output under original design specifications.

Precisely the completion of this program to construct coal-fired thermal plants and the progress in the program to reconvert the refineries has left little time for the internal work of the main engineering firms and installed equipment enterprises in Spain.

According to the forecasts by sources in both sectors, one of the largest crises in recent years will have to be faced within 6 months. In this situation, only exports can cover the internal restrictions that arise.

To amplify this objective, the Spanish Association of Enterprises for Studies, Projects and Research has organized a Latin American Mining Week in Ecuador, a market in which the Spanish presence has, until now, been most noticeable in its absence. Even with substantial competition, up until now the Spanish presence in this field has been absolutely negative, a trend that one will attempt to change with the organization and development of these working meetings, which will be attended by those responsible in the energy sector of the continent's countries with the best prospects.

According to a study carried out by the Inter-American Development Bank and recently published, the investment that needs to be committed to Latin America to develop an important part of its energy-related and other minerals will rise to more than \$20 billion, a large part of which will have to be provided by the more developed countries, again through the provision of technology.

According to the program drawn up by Tecniberia to increase the Spanish presence in Latin America, one specific result of its program of development and cooperation with the affected countries can begin to make a tangible contribution within 5 years, although in fact the organization of these meetings has led to the signing of several specific cooperative agreements. A total of 23 enterprises are represented in this association and they will have in common the fact that the majority of their capital may be Spanish.

9746

CSO: 3548/89

MAJOR ATTENTION TO DEPRESSED FISCAL CONDITION OF RURAL AREAS

Tax Burden on Agrarian Sector

Madrid DIARIO 16 in Spanish 27 Jan 83 p 16

[Article by Arturo Cenzano]

[Text] Logrono—Putting off the next planting, declaring that they are going to stop payments and boycotting the consumption of articles necessary for the sector are a few of the spectacular delaying tactics being employed by the farmers along the bank of the river shared by the provinces of Rioja, Aragon and Navarre. The decline in farm income that may stem from the reassessment of farm and livestock taxes and above all the growing disparity between prices obtained by farmers and increases in production costs have mobilized the rural sector.

According to observers, there exists a degree of rather widespread awareness, similar to that which provoked the famous "tractor war" when Abril Martorell was minister of agriculture. While the Association of Aragonese Farmers in the course of a tense meeting proposed the mass abandonment of farms in the face of the prolonged lack of profits, the Rioja ARAC sent a tough wire to the head of the government in which it emphasized the discrepancy between the PSOE [Spanish Socialist Workers Party] election platform and the latest measures adopted. While the round of conversations with the administration yesterday succeeded in toning down animated feelings somewhat through substantial improvements in favor of family operation, the atmosphere continued to be one of uneasiness in expectation of concrete results next week.

Spokesmen for the area's agrarian unions have pointed out to DIARIO 16 that "the administration must realize that the rural sector is moving toward total impoverishment, to a point where farm workers' per capita income is scarcely over 400,000 pesetas a year, a third less than that of those who work in industry or the services. We farmers have been suffering from brutal increases these past few years."

More Poor

"Thus our farm equipment has risen in price by over 200 percent during this period, gas oil by some 300 percent and seed has doubled in price. These 'updatings' have not been compensated for, not by a long shot, by the goods

received by the farm producer. With every passing day our pesetas are worth less and, if this goes on, a time will soon come when we may not be able to even cover our expenses.

"However, the individualism the farmers have displayed has so far kept the pressure tactics announced in the course of other conflicts from being effective. The mass withdrawal of bank funds as a protest due to the marketing of potatoes had hardly any effect since it was confined to very limited locations. Only the mobilization of tractors demonstrated a degree of unity which has not been repeated since then."

In spite of this, union spokesmen assure us that "the situation is now very difficult because they have well-organized associations that have increased the degree of people's awareness and demonstrated the advantages of unity through concrete results."

Rural Area Seen as 'Tenant Farmer' of Madrid

Madrid EL ALCAZAR in Spanish 22 Jan 83 p 21

[Article by Fernando Cruz]

[Text] Farmers request the rescinding of tax hikes and call for meetings with the administration to set the increases. They are also asking the government to explain what laws it has based itself on to determine the announced hikes.

Spain's rural sector wants to avoid becoming the socialist government's "tenant farmer" and will organize demonstrations throughout Spain unless the administration reverses what they describe as new kinds of abuses in the assessment of farm and livestock taxes.

Jose Maria Giralt, the president of the Young Farmers organization, last Thursday called for a debate with Minister of Finance, Industry and Commerce Miguel Boyer to "let him hear the voice of the rural sector and listen to the surveys and figures juggled by the administration when it set the tax increases."

While the president of Young Farmers expressed the hope that the increases referred to would not be applied and that a negotiating conference would be convoked "at which we farmers and the government might together investigate the percentages that should be applied," he did not conceal the contradiction the administration had gotten itself into.

Thus a report prepared by the director of taxes set the increase in the farm and livestock tax at 244 percent; later, the administration lowered this figure, setting it at 140. Meanwhile, the agrarian organizations agree in asserting that the increase comes to an average 300 percent.

"The figures provided by the administration have to be proven and we believe that this is impossible since the rates would be much lower than those announced if they were based on the laws they say they were."

Jose Maria Giralt also anticipated a possible "explanation" by the socialist government: "They cannot allege 'inheritance received' since the report that was submitted is dated December and the municipal councils were in the hands of the Left prior to December."

End of Family-Run Farms

Another argument wielded by the sector is that no municipal tax of over 10 percent may be imposed. "As if that were not enough, in 85 to 90 percent of the provinces the increases were published outside of the time prescribed by law." The farm sector's fear of what they refer to as "the end of family-run farms" is rising.

According to Giralt, on a family farm of 20 hectares of unirrigated farm land a son will have to pay some 3 million pesetas in so-called inheritance taxes, whereas at present these taxes do not amount to more than 800,000 pesetas. As if this were not a matter of great concern for the continued existence of the farm, if the latter has 100 cows, the new owner would have to pay another 6.5 million pesetas for the cattle. Or, put in another way, the Finance Ministry assesses the cows at a value that is higher than the market price.

Rural sector anger at what they consider to be a "distributional injustice" is rising. Farm income is presumed to account for 28 percent of the entire country's income and the farm sector does not receive loans that correspond to that figure. "Beneficiaries of the revenues collected through the new rates at which farm and livestock taxes have been assessed since 1980, the municipal councils must not think they can live off of farm sector taxes; on the contrary, we would wage a 'social war'."

The administration, which at a recent "information" session appeared to be "confused" and gave us to understand that it was unaware of the real significance of farm and livestock taxes, seems to want to finance the municipal councils with agrarian taxes and thus spare the government's general budgets.

The figures provided by Giralt at the end of the information session justify the more than 200,000 petitions presented to date: "In the course of the reassessments of the past 5 years, the increase in Catalonia amounted to from 11 to 13 percent and now...."

Added to this sad situation is the fact that for the first time in the farmers' history they were not invited to attend the meetings held to establish the increases.

If the hike announced by the government were to succeed, farm product prices would undergo a considerable rise or just the opposite, Spanish agriculture would disappear.

Renegotiation of the Agrarian Debt

A proposal, not a bill, in which renegotiation of farmers' current debt to official agrarian credit institutions and government agencies is requested, has been presented to the Congress of Deputies by the Popular Alliance (AP).

In the proposal AP requests the government to, within a maximum period of 3 months and subject to prior negotiation with the agrarian organizations, agree to renegotiation of farmers' current debt to official agrarian credit institutions and government agencies in such a way that these loans are converted into one loan per farmer with an amortization term of 12 years plus a grace period of 2 more and bearing a maximum interest rate of 6 percent per annum.

AP emphasizes the danger that threatens the farm sector due to the important and negative evolution of the farm sector indebtedness that has been generated these past 4 years.

Also, as of yesterday 12,000 individual claims from among farm and business associations and individuals protesting the increase in farm and livestock tax rates have been processed in the province of Granada.

Unbearable Fiscal Condition

Madrid ABC in Spanish 23 Jan 83 p 55

[Article by Jovellanos]

[Text] The reaction the news of the figures that represent the increases decided on by the consortiums in reassessing the taxable bases for the farm and livestock land tax has provoked among small, median and big farm operators was to be expected. Aside from the costly consequences resulting from the increases decided on, the reassessment has the additional drawback of having been done in an arbitrary fashion that is inconsiderate of the taxpayers. For the time being, neither the latter have been given an opportunity to present their arguments in working out the new taxable income nor have the official provisions that regulate this operation been respected.

Years ago when reassessments were periodically made by the Property Registration Office, there were some boards on which some representatives of the municipal councils, a representative of the Ministry of Agriculture and a delegation of farmers and stockraisers participated, represented by the original farm property boards and later by the official agrarian union boards. The Ministry of Finance's, that is, the Property Registration Office's, appetite for raising taxes was checked by the actions of the municipal councils -- which harbor in their midst a majority of the farm population -- and by the boards, composed of farm operators. Now these consortiums, which have replaced the boards, have acted without any participation on the part of the farm operators, whose request to join them, either through the agrarian boards or the agrarian occupational organizations, has been denied. On the other hand, Law 44/1978 granted 90 percent of the amount of this farm and livestock land assessment (transformed into a tax) to the municipal councils, with the Ministry of Finance reserving the remaining 10 percent for itself. Naturally, the current increase has been turned into a friendly settlement for both beneficiaries of the large sums of money the farm operators will have to pay.

But in addition there is the fact that this whole operation has been carried out without respecting the existing regulations. We need only look at some of

the figures that have been released on the increases that are being applied to substantiate the fact that average net earnings during the 5-year period 1976-1980 and prices obtained and paid by farm operators during fiscal year 1980 were not taken into consideration as they were supposed to have been. Nor were the assessment rate schedules published in the OFFICIAL PROVINCIAL BULLETIN publicly displayed for a period of 2 weeks in many city halls, which is why many residents were unable to exercise their right of appeal. In spite of this, several hundreds of thousands of appeals will probably be submitted to the economic-administrative tribunals.

It is not, as the administration pretends is the case, a matter of regarding the total amount collected under this heading — or, if the tax per hectare was dropped since 1970, considering prices obtained for farm products — to be of little significance, in view of the slight importance it at present attaches to the billions of pesetas involved. What is really at issue for the farm operator is the gradual decapitalization he has suffered over the past 12 years because of the imbalance between the prices he receives for his products and the prices, or costs, he pays to those he has to deal with. These costs are unbearable and at best, if he could add them to his sale prices — which he cannot do — it would give rise to increased inflation.

But this is also inconsistent with the fact that moratoriums and extensions on the payment of this same farm and livestock tax have been granted these past few years in view of the attendant circumstances which have been worsening the economic situation of the farm operators, due to the drought we have recently suffered and which has not yet disappeared; thus the administration has no excuse for imposing these scandalous increases in 1983.

This is why farm operators are requesting that the high payments they will be making as of this year to those they have to deal with be renegotiated in order to repay the government loans they have obtained because of the drought as well as to pay back those resulting from the 1981 and 1982 moratoriums. The farm operators expect the same financial criterion to be applied to them as the one that is being introduced for the debts of those countries that have been granted Spanish loans and which find it impossible for them to pay the interest and repay the principal on them within the time agreed on. These farm operators are requesting that their debts be converted into long-term loans with interest rates compatible with the economies of their farms.

It is undoubtedly only natural that this issue of an ill-considered increase in the farm and livestock tax and the way in which it was handled, more in keeping with an authoritarian regime than a democratic one, has aroused the response it has, but the farm operators have not yet calculated what another onerous fiscal burden they will be saddled with if Finance Minister Boyer does not do something about it, which he can, will represent to them. We are referring to the individual objective appraisal method, which is the formula that has been used by most farm operators in computing their income tax. When they make their calculations, they will be tearing their hair out, while the Ministry of Finance lifts their wallets.

According to the system that had been in operation until last 31 December, a rate of 6 percent applied to farm operators whose product sales were not in excess of 10 million pesetas and this is what was regarded as a profit which was subject to income tax. To put it more clearly: If sales amounted to 10 million pesetas, 600,000 pesetas represented the profit, a figure that was considered as earnings. The new rates for the individual objective appraisal method in the farm sector are the following: For olives, wine grapes and fruit and vegetable production the rate is 40 percent, for livestock 12 percent, for lumber production 40 percent and for grains and other crops 20 percent. Applying the above example to this year, 1983, this means that, if the 10 million pesetas are produced by olive sales, the profit to be regarded as earnings amounts to 4 million pesetas instead of the 600,000 previously regarded as such. We will return to this topic on another day since it is deserving of our attention. And we will also get back to agrarian social security, the unemployment rate of fixed-salary workers and the interoccupational minimum wage.

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CSO: 3548/130

DESIYAB GEARS UP TO HELP COMPANIES IN TROUBLE

Istanbul CUMHURIYET in Turkish 8 Jan 83 p 6

[Article by Kenan Mortan: "DESIYAB to the Rescue of Public Corporations"]

[Text] Izmir--A legislative bill has been prepared to give public corporations--often referred to as "a drowning force"--a new basis of support. The bill is aimed at providing effective backing for public corporations that have been on the verge of bankruptcy or closure in the past 2 years. Efforts to resolve this problem will apparently be accelerated in the days ahead. To achieve this goal, the State Industrial and Workers' Investment Bank, DESIYAB is to be reorganized through revision of its charter.

Article 1 of the law bill describes the reorganization of DESIYAB, which is to be set up with a capital base of 25 billion Turkish Lira, as follows: "A development and investment bank in the form of a joint stock company has been established as a legal entity under the name 'State Industrial and Workers' Investment Bank' (DESIYAB). DESIYAB is subject to laws that extend beyond the arrangements made through this law. It's headquarters is in Ankara, and it falls under the jurisdiction of the Ministry of Industry and Technology."

The article of the bill dealing with goals contains two principles for stimulating the savings of workers both at home and abroad. According to these principles, which are in Article 4 of the bill, DESIYAB's goals are to get these workers to see their savings in terms of profit and productivity and to unite them to form an economic force, and to get them to channel their savings into nationwide industrial investments, according priority to those areas having priority in Turkey's programs and plans for development.

DESIYAB's Responsibilities

The "tasks assigned to DESIYAB" for the purpose of achieving the above goals are listed in Article 5 as follows:

- a. If necessary, DESIYAB can open branch offices and representations both at home and abroad.
- b. DESIYAB will engage in every kind of activity required of investment and development banking.

c. DESIYAB will endeavor to get workers currently or formerly working in Turkey and especially abroad, as well as other small savers, to channel their savings into industrial investments. It will make these savings increase by aiding in their effective economic utilization.

d. DESIYAB will conduct research, investigations and project development studies or will be able to commission someone else to do these studies, including foreign experts if necessary.

e. DESIYAB is responsible for evaluating industrial investment projects being undertaken by multipartner corporations formed by savers (including small savers, workers in Turkey and particularly Turks currently or formerly working abroad). It can then support these projects by providing investment and operating credit for them and contributing to their capital.

f. DESIYAB will be a vanguard in bringing about projects it deems profitable and productive and establishing the relevant companies in Turkey. It can set up the necessary enterprise and investment companies and can either provide all sorts of technical aid to its affiliated organizations or act as a go-between for obtaining such aid.

g. DESIYAB can sell to third persons, preferably those currently or formerly working abroad, the stocks of corporations that it sets up or to whose capital it contributes. It can provide profit and repurchase guarantees for this purpose.

h. DESIYAB can provide credit, within profit-sharing guidelines, to corporations to whose capital it contributes.

i. DESIYAB can furnish guarantees to domestic and foreign financing organizations, within the guidelines of current regulations, for securing investment-related credits. It can conclude domestic and foreign loans in accordance with established rules. It can buy and sell all sorts of liquid assets, including bonds and share certificates.

j. DESIYAB can set up liquid asset investment companies and investment funds as described in the Capital Market Law.

k. DESIYAB can perform any kind of banking and insurance services required of development and investment banking. It can give all sorts of long, medium and short-term credit, including foreign currency credit.

l. DESIYAB can perform any other tasks or procedures that will help it achieve its goal.

m. DESIYAB can have no more than a 35-percent share in the capital of corporations involved in the industrial enterprises dealt with in this law.

Direction and Control

For multipartner public corporations under DESIYAB's auspices to earn dividends, Article 8 affords these corporations Group B shares in the 25 billion Turkish

lira capital base. Article 8 reads as follows: "DESIYAB will grant net profit guarantees on these shares based on the prevailing interest rate on government securities on any given date of sale. In accordance with the provisions of this article, DESIYAB is obliged, on behalf of the Treasury and at the request of the shareholders, to convert shares sold into Turkish lira at their net asset value."

Article 29 of the bill is an important article concerning the control of multipartner public corporations that receive credit from DESIYAB but cannot make their payments on schedule. In this case "if it is apparent that credit given by DESIYAB cannot be paid off within the term of the credit, and that half of the indebted corporation or cooperative's capital base remains unpaid for, then the director general of DESIYAB can set an agenda for a meeting and call that corporation's board of directors to attend. At the conclusion of an inquiry conducted by inspectors from the Ministry of Commerce, and upon approval from the Capital Market Board, the minister of commerce has the power to set up a transitional board of directors."

In our series of articles "Public Corporations: A Drowning Force," we made the following statement: "The problem for multipartner public corporations is a pressing one. The alarms sounded a long time ago. There is no longer any chance of having superficial steps serve as an elixir, because many public corporations have either already drowned or are about to."

The fact that a legislative bill like this has been prepared 9 months after we wrote this last April leaves us very hopeful that the problem will be resolved.

12279

CSO: 3554/109

GOVERNMENT MOVES TO SUPPORT CONTRACTORS ABROAD

Istanbul DUNYA in Turkish 5 Jan 83 p 1

[Text] The government has sent a delegation to the Middle East to take a first-hand look at the activities of Turkish contractors abroad and gather pertinent information.

The delegation, consisting of experts from the Ministry of Finance, Ministry of Public Works, and the State Planning Organization, began its work in Libya. Having completed its studies there, it set out again the day before yesterday on a new tour that will include Saudi Arabia, Kuwait and Abu Dhabi.

Report To Be Prepared

According to information obtained by the Turkish News Agency, the delegation of experts is taking an on-the-spot look at the activities of firms that have accepted contracts abroad, getting first-hand information from representatives of these firms concerning the problems they are encountering and sounding out foreign firms and organizations issuing contracts as to why they are pleased or displeased with Turkish firms.

The delegation's detailed report on this is to be prepared by the end of this month and submitted to the office of the Prime Minister. The matter will then be considered in the economic committee.

The Solidarity Fund

Officials, explaining that this study is aimed at further improving contract services abroad and resolving certain existing problems, add that another goal of the tour is to shed light on preparatory efforts currently under way on agreements for contract services. Based on information provided by Ministry of Finance officials, the draft agreement being prepared in connection with contract services abroad calls for the establishment of a "solidarity fund" among Turkish contractors taking foreign contract work. In accordance with this, every Turkish contractor doing work abroad will be subject to a "guarantee fund" deduction amounting to 5 percent of the sum of a contract. Sixty percent of this is to be refunded to the firm or organization after the work is finished.

The fund deduction is a kind of insurance policy. If there is a potential risk that a contracting firm cannot carry out a job, it can receive help from the fund. Also, should the situation of a contracting firm would take a turn for the worse, the same job could be turned over to another firm, with the original firm repaying the fund for the financing it received.

It is estimated that after the fund deduction is implemented, the fund will probably start out with a capital reserve of approximately 140 billion Turkish Lira.

Contract Services Abroad To Be Encouraged

Authorities say that based on the current status of Turkish firms doing business abroad, Turkey will be doing \$2 billion worth of overseas business a year. Thirty-five percent of this is expected to be transferred to Turkey in the form of workers' foreign exchange or contract profits, bringing our annual income in foreign exchange from this source to approximately \$700 million.

According to authorities, the general economic program for 1983 calls for more and more encouragement to be given to any sector gaining this much foreign exchange. The program also notes that "engineering and contract services abroad are to be encouraged through protective policies; solutions will gradually be found to the problem of letters of guarantee, and contract activity abroad will be effectively monitored."

12279

CSO: 3554/109

CREDIT INSURANCE CALLED KEY TO BOOSTING EXPORTS

Istanbul DUNYA in Turkish 22 Jan 83 p 5

[Text] Export credit insurance has been cited as a system that facilitates an increase in exports.

According to an article in OPINION journal of the Turkish Association of Industrialists and Businessmen, export credit insurance, which would insure the exporter against the importer and provide guarantees, within certain limits, against both commercial and political risks, already exists in most of the nations that are our commercial rivals; the article stresses that prompt establishment of this system in our country would be of great importance from the standpoint of the future of our exports.

Such were the views on this issue expressed in the article in the journal.

Export credit insurance is cited as a system that provides an opportunity to increase basic exports and insures exporters against importers and provide guarantees, within certain limits, against commercial and political risks. These views were cited in the article, in which export credit insurance is seen as functioning as a mechanism making it possible, within clear guidelines generally set by the state, to counter the risks that arise beginning with the production phase and continuing down to the receipt of credits due.

The implementation of export credit insurance may take several forms:

- a. A state office or agency (as in Japan, New Zealand, Sweden, Norway and Finland);
- b. An insurance company or foundation acting in the name of the state and at its expense (Austria, West Germany, Italy, Ireland);
- c. A public company or fund in the form of a foundation completely independent from the state (Hong Kong, Israel, India, Pakistan, Uruguay, Australia, Belgium and the East bloc countries);
- d. A foundation formed by private insurers and banks together with the state, subject to state control (France, Portugal, Spain); or

e. Foundations established by private insurance companies that insure a portion of commercial risks in their own names, with the participation of the state (United States, the Netherlands).

The most important characteristic of this insurance is that it does not cover the conventional insurance risks. While conventional insurance covers the physical loss of or damage to property, export credit insurance secures only the value of the property. Advance sales are a matter for insurance for every kind of foreign export (exchange of documents and exchange of goods, as well as credit). With this type of insurance, the value of protected exports is not 100 percent as in export insurance but at most approaches 80-85 or 90 percent. Another difference is that in export credit insurance there is no question of reinsurance, as with private insurers. The credit terms implemented in export credit insurance are divided three ways according to the type of goods:

1. Short-term credits: a) Exports of raw material and consumer goods (60-120 days); b) durable consumer goods (120 days-12 months); and c) investment goods (12-24 months).
2. Medium-term credits: 2 to 5 years is generally used for exports of investment goods.
3. Long-term credits: In practice, from 5 to 12 years is generally given for infrastructure investments.

In countries that have implemented export credit insurance, the rates of compensation vary according to the type of risk and according to whether the importing firm has private or public status. This rate is from 80 to 85 percent of invoice value for commercial risks and 90 to 95 percent for political risks; insurance premiums, meanwhile, generally vary between .1 and 1 percent of insured value.

The article, which stated that in a majority of our country's commercial rivals this credit insurance has been put into operation, observes that the prompt establishment of this system in our country is important for our future exports.

9962

CSO: 3554/173

WORKER RIGHTS, LABOR PEACE ESSENTIAL TO ECONOMIC RECOVERY

Istanbul MILLIYET in Turkish 23 Jan 83 p 4

[Commentary by Halil Tunc: "The Resolutions of 24 January"]

[Text] Experts are offering varied interpretations of the 24 January resolutions affecting our nation's economic and social life. According to some, this economic policy will ensure stability in the country and gradually bring about recovery. From this perspective, the day the resolutions were announced should be designated a holiday to extend from the announcement of the resolutions to their implementation--without pay. According to others, however, the 24 January resolutions have brought the already fundamentally inequitable distribution of income in our country to an even more inequitable state.

The basic principles espoused in the framework of social life in Turkey today, especially the constitution and the recovery plan, support a system of "mixed economy" in the sphere of economic activity. In fact, since the resolutions of 24 January went into effect, the mixed economy system has met with ever greater disorder, and a system has emerged in which the private sector alone rules the economy, with the state left virtually out in the cold.

Can it be that the private sector, which has taken advantage of all the resources of the state and has had its continued support, has in the last 3 years had to rely on itself?

Experts on the subject point out that the private sector is far from nearing the point of having to rely on itself and emphasize that this sector must quickly undertake a great many initiatives.

The Turkish economy has been, since 1962, a planned economic system.

This system means that the economic conditions of 40 to 50 years ago not recur. It is possible to leave inflation behind in favor of stable development, primarily by accommodating to the discipline of a plan. If sound economic development is to be expected in our country, the way to achieve it is not by handing over all the resources of the state to the private sector, as is done in the resolutions of 24 January, but by the elements in this sector diverting their attention from short-term profits alone. The private sector must, in a broad perspective, wisely evaluate competitive conditions and abandon the tendency to expect everything from the state. How long will the state prop up this sector?

In addition to the difficulties posed by a planned economy, there are now new problems arising out of membership in the Common Market. How well prepared in this field is the private sector?

When our businessmen and industrialists come up against competition with experienced and powerful firms from the Common Market (in which they seek to participate at once as full members), will they still ask for the protection of the 24 January resolutions? Will they not put themselves in order at all? Will blame for their failures again be cast on workers and the rights and freedoms of workers? How long can this go on?

The question remains open. The private sector must without delay arrive at a structure and an understanding that will maintain its social role. It is necessary to establish successful firms, well-versed in competitive conditions, that operate profitably, produce high-quality goods and use modern marketing techniques, and to impart all these qualities to existing firms.

Undoubtedly, this is only one side of the question. Private enterprise must be able to successfully keep up with social problems which change with time, and it must not forget that "labor peace" can be achieved only by respecting the rights and freedoms of workers. Such an approach will bring about not only the assured continuity of a "mixed economy" but the rapid and balanced recovery of the Turkish economy as well.

The opposite course will continually bring to the fore the injustice of the one-sided support initiated by the resolutions of 24 January.

9962

CSO: 3554/123

YAGCI INTERVIEWED ON ECONOMETRIC MODEL FOR 1983

Istanbul CUMHURİYET in Turkish 9 Jan 83 p 6

[Interview with Fahrettin Yagci, State Planning Organization director for long-range plans by Osman Ulagay]

[Text] Who Is Fahrettin Yagci

He was born in 1944. After being graduated by the Istanbul University Faculty of Economics, he obtained master's and doctor's degrees at the London School of Economics. He taught at the London City University and later became an assistant at the Istanbul University Faculty of Economics. Currently teaching at Bogazici University, he is also director of the long-range plans branch of the State Planning Organization.

[Question] Mr Yagci, we know that you have developed, for the Turkish Industrial Development Bank, an econometric model for the Turkish economy. Would you explain to us first what the term "econometric model" means?

[Answer] An econometric model is one that may serve four purposes. First it measures the degree of interaction between various economic variables. For example, what are the determining factors in exports and what is the impact on exports of fluctuations in the foreign exchange rate? An econometric model can answer questions of this kind. Second, it helps in predicting the future and making projections. In what direction will the Turkish economy develop in the next few years? How far will exportation increase and what will inflation be? Third, it helps in making economic policy simulations, that is, predicting the consequences of the government's policies. For example, what will happen in the economy if the money supply is raised 30 percent instead of 20 percent? And, finally, it is an aid to devising economic policy. That is, when specific economic goals are set, the econometric model can be used to figure out how much policy intervention is necessary to achieve these goals. For instance, we want exports to be \$8 billion. We can figure out what the foreign exchange rate ought to be, other conditions remaining the same, to accomplish this.

[Question] What countries are using econometric models?

[Answer] An economy has to achieve a certain level of development before it needs this kind of model. Consider a simple economy--an agricultural structure in which the entire industry consists of 15 to 20 factories. We can get a handle on such an economy by talking with the directors of 4 or 5 factories and the minister of finance. Economic relationships are simple and policy factors amount to direct control. That is, governments direct the economy by stressing such methods as imposing bans and quotas, setting prices and rationing. But the more complicated relationships grow with economic development, the harder it is to comprehend the economic structure and know where it is going. Econometric models are used in economies that have reached this state because there is sufficient statistical data and it is reliable.

[Question] In that case, it is used extensively in the Western economies?

[Answer] Yes. The governments in these countries, various public institutions, universities, banks and certain private organizations have econometric models. For example, the British ministry of finance has such a model. The government tests its policies on this model before putting them into practice. All Western central banks have a model. Some private businesses set up and use these models for commercial purposes. Projections made on the models are sold to companies that can benefit from this information. Certain less developed nations are using these models also.

[Question] Long-term econometric models have not been used in Turkey, I suppose?

[Answer] No, they haven't, because one has not been constructed with this scope and for this purpose. There have been some academic studies. These are valuable first experiments. There was no opportunity to use these models as they were set up for academic purposes and were not developed later. Some public institutions have initiated studies but they have been inconclusive.

[Question] When did you begin your work in this area?

[Answer] In 1980. A study was done for the Turkish Industrial Development Bank (TIDB). The bank's basic purpose was to make short-term projections. That is, to predict macro-charges in the economy a year or two ahead. However, the model can also be used for all the purposes we mentioned before. The TIDB is using the model data in its own activities and, by publishing quarterly reports, is making it available for everyone else's use as well.

[Question] Would you describe a little of this working model?

[Answer] Let's call the model TEM for easy reference. This term is composed of the initial letters of the words "Turkish Econometric Model." The study was conducted in two stages. That is, there are two versions of the model. We call these versions TEM 1 and TEM 2. TEM 1 was completed in late 1981. It uses a simultaneous equation system to show the relationship between the 24 most important real and monetary macro-variables in the Turkish economy and makes annual projections of these variables.

[Question] What is the difference between TEM

[Answer] The basic difference is that the money supply becomes an internal variable in TEM 2. That is, the model itself indicates what the money supply ought to be.

[Question] Why do you feel this variable necessary?

[Answer] Inflation is a very important factor in Turkey. It affects all variables in the economy. We know there is a close relationship between money supply and inflation. Money supply is one of the important variables impacting on inflation. This being so, it will be a great help for us to know where increases in money supply come from. Money supply was an external variable in TEM 1. We added a money supply mechanism to TEM 2 conforming to the institutional structure of the Turkish economy.

[Question] Okay. Now could we get into solutions that the model produces?

[Answer] Of course, but I would like to say one thing first. One must not interpret the results obtained as the official view of the TIDB. This is a technical study. The purpose is to have a model that might be helpful in keeping up with developments in the economy, constituting a formal basis for projections and policy considerations. If such a means is available, estimates may be more accurate...

[Question] Yes, I understand.

[Answer] Two kinds of solutions may be obtained from the model, solutions for the past and solutions for the future.

[Question] You mean the model was worked out for both the past and the future.

[Answer] Yes, it was. Actually, it is necessary to analyze the model for the past first in order to test the extent to which it represents the working mechanism of the true economy. If the values which the model produces for internal variables are close to the real values of these variables, then the model may well represent the true economy. In that case, the model can be used for projecting the future and analyzing policy. Each model must pass this sort of test before it is used.

[Question] How did your answers come out?

[Answer] Very well. We did 1970-1981 on the model. The resulting values were pretty close to the true value. We also did policy analysis related to the past with the model. For example, what would have happened in the Turkish economy if oil prices had risen at a slower rate since 1973? The model solution shows that we could have come out of the stagflation process a bit better than we did.

[Question] In other words, the model can be used for reevaluation of the past

[Answer] Yes. Let me give an example. One of the policies we tested for 1970-1981 had to do with the exchange rate. The real exchange rate (price of the dollar adjusted for domestic and foreign inflation) in Turkey declined steadily after 1970. It was 100 in 1973, for instance, and dropped to 60 in 1979. In such a situation, foreign markets lose their attraction and exports go down. And real exports did decline in Turkey in this period. We fixed the real exchange rate at the 1973 level and solved the model for 1970-1981. Under this hypothesis, exports rose dramatically and the crisis that began in 1977 was largely prevented. Countless tests of this kind can be made in relation to the past. Alternative policies can be tested individually or as a package as well.

[Question] I guess you made projections for the future, too?

[Answer] Yes. We used the model for both 1982 and 1983. We made certain projections on the basis of specific hypotheses.

[Question] Were your estimates for 1982 close to the actual figures?

[Answer] Yes. We have approximates of the actual figures for 1982. If the values produced by the model are close to these figures, the model has passed an important test with a better grade. The growth rate projected by the model for 1982 was 4.45 percent. This is very close to the State Institute of Statistics' estimate. The inflation rate is estimated as 30 percent and exports as \$5.6 billion. These values from the model are also pretty close to the actual values anticipated. We see this convergence in all the other variables as well. (The model's base estimates for 1982 and 1983 and the hypotheses which were the basis for the estimates are shown in the table.)

[Question] Okay, how does 1983 look according to the model? What sort of estimates can be made for 1983?

[Answer] Let me give some of the important results we foresee for 1983. The model gave a growth rate of 5.22 percent and inflation at 28 percent. Our total exports are projected at \$6.6 billion.

[Question] The SPO [State Planning Organization] says inflation will be 20 percent in 1983. Where does the difference come from?

[Answer] I don't know. To answer this question, it is necessary to know what assumptions the SPO based its estimates on and to check whether this figure is consistent with the assumptions.

[Question] Mr Yagci, is it possible to use this model to give some idea of the probable results of alternative policies looking to the future?

[Answer] Of course. One or more of the hypotheses we made before in connection with economic policies could be changed to form various policy packages. The results that would occur if these packages were applied in 1983 can be predicted. We have predicted the results of a number of policy packages. We

formulated various scenarios projecting the results of different policies such as exchange rate, investment, public enterprise prices and base prices.

Question Could you summarize the results?

Answer It would take a lot of time. The TIDB is publishing the results. But let me give one example. This example will show us how the model works. One of the tests we ran had to do with base prices. What would happen if base prices rose 30 percent instead of 20 percent in 1983, other conditions remaining the same? The model looks at all the inter-relationships in the economy and estimates the impact on each variable. This is how the model works. Increased support prices for the subsidized establishments while their sales prices remain fixed gives these establishments a financing break. And this increases the credits that the Central Bank offers for this purpose, reserves and the money supply. Raising the money supply stimulates inflation. When inflation goes up, the public's nominal deficits go up. And this again increases the Central Bank's credits to the public sector and its monetary reserves. This interaction between reserves-inflation-public deficits-reserves continues. Higher inflation spills over into other sectors of the economy. For example, with a fixed exchange rate, inflation reduces the attraction of foreign markers. That is, exports decline. And this brings down imports. Declining imports reduce both production and investment. Lower production sends inflation even higher and this in turn has a negative effect on foreign trade. So a second cycle is formed between inflation-exports-imports-production-inflation. These two cycles impinge on each other through the channel of inflation and the stagflation process hardens. The model works on this logic. Raising support prices to 30 percent, in the final analysis, would raise inflation from 28 percent to 50 percent and bring the growth rate down from 5.22 percent to 4.59 percent. Total exports would drop from \$6.5 billion to \$5.5 billion.

Question This is really interesting. In this case, these models give us the opportunity to see the effects of a policy before it is put into practice.

Answer True. But one must not interpret the results as engraved in stone. It is necessary to consider the model's limitations and allow leeway for mistakes. And more important, it is necessary to keep in mind the hypotheses used.

Question Is further development of the model under consideration?

Answer The TIDB intends to keep the model under constant development in scope, theory and data and to support it with new models that could make projections on a sector basis.

Turkish Econometric Model
Base Estimates for 1982-1983
(percentage of increase)

<u>Economic Activity</u>	<u>1982</u>	<u>1983</u>
GDP	4.45	5.22
Manufacturing Industry Added Value	5.20	5.38
Private Consumption	1.15	3.79
Private Investment	2.53	6.49
Manufacturing Industry Exports	23.93	25.44
Total Exports	19.24	17.46
Total Imports	7.26	8.43
Reserves	20.10	21.78
Inflation (%)	30.00	28.00
Reserves (billions of Turkish liras)	1.167	1.421
Manufacturing Industry Exports (millions of dollars)	2.838	3.560
Total Exports (millions of dollars)	5.608	6.587
Total Imports (millions of dollars)	9.558	10.364

Hypothetical Policies for 1982 Model Projections

- Average devaluation rate will be 45 percent
- Prices of import and export goods in dollars will rise 7 percent
- Average subsidy rate on exported industrial products will be 25 percent
- Net capital entry will be \$1.5 billion
- Nominal public expenditures will rise 25 percent
- Base prices will rise 25 percent
- Public enterprise prices will rise 50 percent

Hypothetical Policies for 1983 Model Projections

- Average devaluation rate will be 30 percent
- Taxation system will not be changed
- Prices of import and export goods in dollars will rise 7 percent
- Average subsidy rate on exported industrial products will be 20 percent
- Net capital entry will be \$1 billion
- Agricultural production will rise 3 percent
- Nominal public expenditures will rise 35 percent
- Base prices will rise 20 percent
- Public enterprise prices will rise 30 percent

DYNAMIC ECONOMIC ROLE FOR MARITIME BANK URGED

Istanbul DUNYA in Turkish 19 Jan 83 p 7

[Article by Osman Ondes: "The Maritime Bank"]

[Text] None of the government-owned banks are as badly abused and criticized as the Maritime Bank. On the other hand, a maritime trade credit institution is necessary for the development of Turkey's maritime trade.

The Maritime Bank, T.A.O., was set up by Law No 5842 that went into effect on 16 August 1951 as a commercial partnership subject to the pertinent provisions of the law.

The bank started operating in March 1952. But 12 years later, the bank became classified as a state economic enterprise in accordance with the provisions of the "Law on State Economic Enterprises and Companies" and hence its establishment and operation philosophy has been changed to conform with the stipulations of Law No 440.

Thus, in its present state, the Maritime Bank, T.A.O., is both a commercial partnership and a state economic enterprise.

According to its basic constitution and the provisions of Law No 5842 on its foundation, the bank has been authorized and appointed "to provide transportation and other services mentioned by this law in Turkish and foreign waters in conjunction with any other organizations related to these services and under the jurisdiction of the special provisions of this law."

If we look at the functions assigned to the bank under the broad headlines, we find the following: port services, transportation of passengers, vehicles and cargo, life and property security within Turkish territorial waters, health services, shipbuilding, ship repair and maintenance services, banking and insurance services, operation of port restaurants, the Van Lake Enterprise and the hotel and the restaurants operated by this enterprise.

If we go into more detail we find that the bank is supposed to operate the following full public services: the Maritime Lines Enterprise, the City Lines Enterprise and the Ship Rescue Enterprise. In addition, the bank operates a network of shipyards consisting of the Halit Shipyard, the Camialtı Shipyard,

the Istinye Shipyard, the Alaybey Shipyard and other affiliated organizations.

Port Services is a branch of business in itself. What remains is the primary function of the bank, which is banking. The bank is so badly hurt by the deficiencies in its other services which interface more directly with society and everyday life that its savings deposits--which constitute the basic financing resource of all credit organizations--are naturally moving to other banks, some of which are so small in capital that they cannot be compared to the Maritime Bank.

The erosion of confidence, which is an important factor in attracting savings deposits, is hurting the Maritime Bank, but in reality it is the entire Turkish maritime trade industry and, by extension, the country's economy and our entire nation that is suffering.

This bank has been the target of criticism coming from every corner, from shipbuilding industry circles to shipping magnates to even organizations affiliated with the Maritime Bank. Declining deposits as a result of the bank's stained reputation in the eyes of the public have put the bank in a difficult position; even the employees of the bank, at all levels, are feeling the psychological effects of this pressure.

While the industrialization of the maritime sector is desirable, given this state of affairs the survival of a maritime credit institution is a miracle let alone establishing a new one. Having in mind similar institutions around the world, in my opinion, the Maritime Bank must be turned into an authorized independent maritime credit and financing institution.

Furthermore, the Maritime Bank--which has a very incompetent public relations apparatus--has compared the practice of having its full name used in public for the needs of its affiliated organizations on every occasion. If the shipyards are indeed as untalented as the operators of the shipyards are proud about the fact that this is because they have not been able to complete a mining ship for 4 years, they have been building five tugboats for the past 4 years, they have been working on their coast patrol vessels since time immemorial and they have built an enormous number of boats such as service boats and pilot boats and if they are not aware about the surprise expressed by those who know the business, the Maritime Bank must not be the suspect for the seriousness in the matter; the operators of the shipyards themselves must take the blame.

There are numerous failures in the private enterprise community. Are the successes and failures of companies affiliated with these holdings reported under the name of the parent holding? The parent holding of most companies is not even known.

If we can approach the issue from this perspective, the Maritime Bank can be turned into a sound independent maritime credit institution and a trustworthy center for depositing savings, and everyone can benefit from this result.

EXPORT CREDIT LIMITS EXTENDED

Istanbul DUNYA in Turkish 15 Jan 83 p 1

(Text) Ankara--Central Bank President Osman Siklar announced that the export credit limits have been expanded, that the weekly credit allocation amount has been raised from 5 billion Turkish liras to 10 billion Turkish liras, that the practice of cutting allocations by 25 percent has been ended and that a series of easement measures have been put into effect in connection with export credits.

Speaking at a press conference yesterday, Siklar said that the restrictive credit policies implemented in 1982 have raised the possibility that annual exports may remain under the \$6-billion level. He said: "Now we have the means to expand the limits. However, we will never allow developments which may give the green light to inflation."

Siklar gave the following account of the changes brought by the new credit system which will go into effect at the beginning of next week:

"1. The backlogged demand for 45 billion Turkish liras in rediscount credits will be completely paid out to our exporting firms by the end of February the latest within the framework of the normal installments and weekly payments system. For that purpose, the total allocation amount that was previously fixed at 5 billion Turkish liras a week has been raised to 10 billion Turkish liras a week.

"We are planning to end the weekly period system in allocations as of the beginning of March and pay out the loans in monthly slices.

"2. The 25-percent cut in the applied to export and medium-term rediscount credits will not be applied to new credits to be allocated from now on.

"3. Flexibility has been brought to the condition that the firms using export incentive document credit must realize at least 50 percent of the exports they promised in the period specified by these credit documents before they can obtain new credits.

"4. Now on, the rediscount rate will be 35 percent for firms that have realized their previous export commitments fully and 40 percent for firms that have realized their previous two export commitments fully. New incentive document credit requested by exporters who have realized their last three or more commitments fully will be granted without looking at the realization rate of their current commitment.

"4. The number of installments have been reduced in order to expedite the process of paying out credits.

"In the past, credits were paid out in two, three or four monthly installments depending on the term of the credit. It is planned to pay out the credits over shorter periods of time in the future.

"5. In the past, the TNC's currency equivalent of the prefinancing fine on currency drawn from the fund was charged to the rediscount credit account. From now on, credits corresponding to prefinancing foreign currency which does not exceed 50 percent of the export commitment will not be charged to the rediscount credit account.

"6. The repayment period, which was taken as half the term of the loan, has been extended by 2 months for exporters of fresh fruit and vegetables and marine produce.

"7. In undocumented export credits, the 6-month credit term allowed only for exporters of industrial goods has been raised to 8 months.

"8. Our firms will now be able to move the starting date of their credit terms, which is the date of the loan agreement or the date of the credit document, to the date when they receive the first shipment of their credit from intermediary banks or the Central Bank.

"9. In the past, in the case of undocumented credits, foreign currency arriving from abroad during the grace period would be charged in certain proportions depending on the type of credit to the credit account as repayment at the end of the grace period. From now on, our firms will be able to use this foreign currency--similar to funds of documented credits--until the end of the term of their credit.

"10. The period during which foreign currency arriving from abroad beyond the grace period must be deposited with our bank if the required amount has been exceeded now stays to 15 days.

"11. A security instrument has been drawn to all our branches to pay out fully all credit to exporters of fresh fruit and vegetables and marine produce at the start of their new implementation."

IMPORT SCHEDULE SEEN JEOPARDIZING NEW INDUSTRY

Istanbul DUNYA in Turkish 21 Jan 83 p 1

[Report by Handan Gorgunay]

[Text] While the issue of whether the import of certain goods should be freed was being debated at the assembly meeting of the Istanbul Chamber of Industry (ISO), [Sabanci Holding Chairman] Sakip Sabanci said: "We cannot import goods and products at the expense of bringing young industry to a halt." Sabanci also said that economic decisions must not be made in anger.

"The 24 January decisions in their third year" was the first subject on the agenda of ISO's first regular assembly meeting in 1983.

At the meeting, it was stated that the money-credit policies implemented by these decisions have not been well managed. ISO Executive Council President Nuriullah Gezgin said: "The money-credit policies have been so badly managed in the implementation of the 24 January decisions that they have raised doubts about the success of the whole system."

Gezgin stated that they are waiting with great interest to see the effects on the industry sector of the measures introduced at the end of 1982 to reorganize the finance sector.

Musta Sarin said that these decisions are the beginning of the transition into a free market economy, adding: "However, certain undesirable incidents occurred, such as the brokers' incidents and the support given to the banks." Sakip Sabanci said that, considering the developments around the world, the Turkish economy is performing very well. ISO Assembly President Ibrahim Bulut said that the decisions were excellent, but that inconsistencies and irregularities observed in implementation. He said: "The problems stem from implementation."

Another issue that was widely discussed during the meeting concerned the steps taken to liberalize imports. Assembly member Ali Cakmak said that "no sensible industrialist can oppose liberalization in imports." He added, however, that an industry that has been artificially protected for years must be "treated like a patient" it suddenly opening it up to world markets. Expressing the need to avoid hasty decisions, Sabanci said: "We cannot import products at the expense of bringing young industry to a halt." Sabanci said that existing businesses that

first be forced to produce and export quality goods at low prices and that, if that does not work, the needed products must be imported. Halit Narin emphasized the need not to create differences among sectors in the decisions to be taken and said that industry must be pushed only gradually to competition in foreign markets. Nurullah Gezgin said: "You cannot fix prices on the one hand and restrict imports on the other. If the ISO is going to defend certain ideas, we must be reasonable." Gezgin said that if one endorses the principles of free market economy one must also accept liberalization in imports.

The industrialists complained about bureaucratic obstacles and declared 1983 as the year to fight against bureaucracy. Stating that "today no one knows who is controlling the economy," Ibrahim Bodur said: "Governments may come and go, but principles must stay. Yesterday, we could point at someone as the owner of the economy; today we cannot even do that." Gezgin said that the most important problem is the absence of a desired level of coordination in the management of the economy. He said: "We can only guess at the proportions this uncoordination will assume when the transition is made into democratic political life."

9588

CSO: 3554/124

STATISTICAL SURVEY OF 1983 ECONOMIC PROSPECTS

Istanbul DUNYA in Turkish 21 Jan 83 p 3

[Article by Professor Ihsan Ersan, faculty member of the School of Management of Istanbul University]

[Text] The developments that affected the world economy last year may be expected to maintain their gravity in 1983. No concrete developments are in sight to indicate the end of the worst economic crisis since the 1930's. The shrinking world trade, rising protectionist sentiments, declining OPEC surpluses and wavering interest rates will be decisive elements in the course of the year. The drop in interest rates around the end of last year appears to have brought some relief to international financial markets. The issue is of bigger significance for the developing countries. A 1-percent drop in LIBOR means a reduction of \$800 million in annual foreign payments for Mexico. But the issue of how long the [U.S.] Federal Reserve Board--whose first priority is fighting inflation--will keep the taps open at the expense of increasing the [U.S. government] budget deficit is a matter of speculation. In our opinion, international interest rates will fall some more around the middle of 1983 after which they will resume their climb upwards.

In the light of these expectations, international financial markets will display an extremely selective mood in 1983. Borrowing internationally will become increasingly difficult for some countries and this will lead to larger "spreads" and shorter payback terms and will affect technical issues like grace periods. In other words, the concepts of creditworthiness and country risk will continue to preserve their vital character. One may expect a proliferation of the bankers' tendency to put all countries of a certain region "in the same basket" from a perspective of risk, a practice that emerged in the aftermath of the Latin American crisis of 1982. It is also certain that the IMF will play a more effective coordinating role at the international financial level. The Euromarkets also appear to be facing a testing time.

In 1982, Turkey managed to reenter the international financial markets after a long absence. Our country forced the shut doors of the Euromarkets ajar when the Turkish Airlines obtained a loan; the year ended with a preliminary financing credit secured by the Agricultural Bank. The following table summarizes Turkey's activity in international financial markets last year:

Table I. Turkish Borrowing in Euromarkets in 1982

Debtor	Amount of loan (million U.S. dollars)	Spread (percent)	Term (years)
Turkish Airlines	76.5	1.75	7
Turkish Central Bank	70.0	1.00	1
Kutlutas Construction and Trade Industry/Enka Construction and Industry	76.6	1.375	3
Turkish Agricultural Bank	200.0	1.25	3
Total	\$423.1 million		

As can be seen, Turkey secured \$423.1 million from the international banking system in 1982. Although from a perspective of terms--particularly the payback period--it is debatable whether these loans can be considered as typical cases of Eurocredit borrowing, at a time when borrowing has become extremely difficult and when doors are completely shut for many countries, this entrance into the market must be considered a success.

In the years when "the debtors ruled" the international financial markets, Turkey was completely isolated from the marketplace and it had to resort--as a result of wrong and unnecessary actions--to short-term loans while paying unprecedented "spreads." So how must one rate Turkey's efforts to enter the medium-term and long-term credit market? How do the international bankers rate our country from a perspective of creditworthiness? And what do the developments in the international financial markets promise for Turkey in 1983? It is these questions that we will try to answer in this section of our article.

Turkey's Creditworthiness

The term "creditworthiness" expresses one's ability and strength to borrow. Quantitative and qualitative factors affecting one's creditworthiness largely determine one's ability to borrow on international markets. Quantitative factors, that is economic indicators, reflect developments that affect the balance of payments. Among the indicators carefully monitored by the IMF and other international finance circles is the "debt servicing ratio" which has a special significance. This ratio, which expresses a country's total debt liability as a quotient of its exports and other external revenues, is sometimes used as the single yardstick to determine a country's creditworthiness. The following table summarizes the variations in Turkey's debt servicing ratio since 1979:

Table II. [Variations in Turkey's Debt Servicing Ratio Over Years]

Year	Exports and worker remittances (billion U.S. dollars)	Principal and interest payments (billion U.S. dollars)	Debt servicing ratio (percent)
1979	3.850	1.585	41.1
1980	4.981	1.243	24.9
1981	7.193	1.744	24.2
1982	8.575	2.050	23.9

As can be seen Turkey's debt servicing ratio has dropped from 41.1 percent in 1979 to 23.9 in 1982. The said ratio is expected to drop to 23.0 percent in 1983. In other words, Turkey is allocating an increasingly smaller portion of each dollar it earns for debt payments.

Qualitative factors go beyond the economic condition of the country and cover such elements as the country's military and political situation, its historical position and its culture. In this respect, political stability is of special significance.

The positive economic developments since 12 September 1980, the heartening gains in the export front at a time when there are indications of a slowdown in world trade and the political stability of the country are being monitored with interest by international finance circles. There is no doubt that there is a relative improvement in Turkey's creditworthiness. The latest "Country Risk Ratings" published by international finance circles support this proposition. The latest risk ranking by the EUROMONEY magazine ranks Turkey 58th among 111 countries with 45.4 points. INSTITUTIONAL INVESTOR, another influential publication in finance circles, ranked Turkey 78th among 107 countries in its latest rating list. The significance of the gains mentioned becomes clearer if it is recalled that only 2 or 3 years ago Turkey was listed at the very bottom ranks of such ratings.

However, the place attained is not satisfactory, that is, international banking circles still consider Turkey as a risky country from a perspective of creditworthiness. In a way, this results from the subjective structure of the system. Despite its spectacular development, the international banking system still rests on an interestingly subjective base. The personal viewpoints and links of the bankers who make decisions have an important effect on the fate of international credits. The "INSTITUTIONAL INVESTOR Country Risk Ranking", which is considered to be the best rating system in the country risk area, is primarily based on personal ratings--on a scale of 0 to 100--given by around one hundred leading bankers on countries' creditworthiness. Thus, last year the international banking circles were seen to have adopted a policy of "wait and see" in connection with Turkey.

What Can Turkey Do in 1983?

The declining surpluses of the OPEC countries--which were the most important source of funds for the finance markets--the economic stagnation in the West and the long series of debt postponement moves point to a difficult year in every respect. What can Turkey do in the international finance markets in 1983, a year when country risk arguments will gain top priority and when borrowing will become increasingly difficult? What are the chances of our country to borrow in the international market?

First of all, a realistic approach for Turkey would be looking for credit in the market. Structurally speaking, the international bond market is open only to "first-class debtors", and a country like Turkey with only marginal creditworthiness does not have much of a chance in this market. Generally, investors are not particularly interested in the exports of a developing country. Still, many countries are trying to force the doors of this market open. This is because

a country that can borrow on the Eurobond market can gain "prestige" and can borrow more easily on the Eurocredit market. In this respect, a technically well-planned export drive can be very useful in starting a dialog with the bond market.

As for Turkey's chances in the international credit market, the positive developments in the country's economy and its political stability are being carefully monitored by international finance circles. In particular, the gains made in the export front and the ability of the Turkish Central Bank to make its debt payments in full and on time at a time when many countries cannot pay their debts are having positive effects on Turkey's creditworthiness. In other words, Turkey will occupy a higher rank in "country risk ratings" to be published by international finance circles in 1983. Although our country will become a new and desired borrower for many banks which have filled their debt portfolios for certain countries and regions, it will continue to be considered as a risky debtor by others who cannot forget the unpleasant experiences of the past.

In reality, it is quite debatable to call Turkey's borrowing last year a normal entry into the market in the full sense of the word. For instance, the loan for the Turkish Airlines was specifically given for the purchase of four Boeing 727 aircraft. The Enka-Kutlutas loan was almost completely financed by financial organizations of Arab origin to be used on a specific project in the Middle East. The \$200-million loan for the Turkish Agriculture Bank was secured to finance the export-oriented purchases of the Agricultural Sales Cooperatives and to prefinance the production of the agricultural produce processing industry. The common denominator among all the loans secured in 1982 was that they were all given for use in very specific areas. Furthermore, all the loans carry short terms except the one for the Turkish Airlines. In our opinion, in order to enter the medium-term market in the full sense of the word, Turkey must test the market for some more time and must be careful about the issue of timing.

Increased creditworthiness is a necessary condition for borrowing with convenient and realistic terms on the international financial markets but it is not sufficient. Perhaps, that is where the problem begins. The international finance markets have their own characteristic structures, their own way of operating and their own principles. Making use of the market most of all depends on the principle of "playing the game by its own rules." Turkey, on the other hand, has been a distant onlooker in this system which requires great expertise and has been content with undefined and ineffective moves.

Turkey must start gaining expertise on this issue with its bankers, businessmen and bureaucrats in order to make a genuine entry into the international financial markets. If the principles of international currency and debt code are not recognized and if the funds secured are not channeled into realistic investments borrowing will cause more harm than good. The time has come to formulate a national borrowing policy.

In general, a country's desire to borrow with convenient and realistic terms on international financial markets is an extension of a process of opening up to the outside. This, in turn, requires a certain amount of reorganization in the country's economic and legal structure. Moves to reform the banking and currency exchange

system have a special significance among these reorganization efforts. It is undoubtedly true that increasing the effectiveness of the Turkish Central Bank at the international level and more international experience for our national banks will make the process of Turkey's opening up to the outside easier. What is desired is that in 1983 our country will find its place in the international financial market.

9588

CSO: 3554/124

KAFAGLU ADDRESSES 1983 ECONOMIC POLICY

Istanbul MILLIYET in Turkish 22 Jan 83 p 4

[Excerpt] While attending the general assembly meeting of the Turkish Industrialists' and Businessmen's Association [TUSIAD], Minister of Finance Adnan Baser Kafaoglu said that "in 1983 they will try to raise forced savings, such as taxes, fees and tolls, rather than voluntary savings and to insure a fairer distribution of the tax burden." Stating that "more weight will be given to selective policies in 1983," Kafaoglu also said that "exports will continue to be encouraged" and that "as the protectionist sentiment grows around the world, consideration will be given to certain additional measures which will not be based on government decrees."

In his speech, Kafaoglu mainly dwelled on the new financial arrangements and talked in detail about the "Reassessment Law" that was published in the Official Gazette yesterday. He said that the law, which went into effect on 31 December 1982, will provide relief to many businesses.

Responding to questions later on, Kafaoglu gave the following answers to Halit Narin's four questions, the last of which was about credit interest rates:

--"Fifty percent of the problems encountered in reducing bureaucratic obstacles stem from tax administration. These problems will gradually disappear within a framework of reform when a 'tax revenues administration', affiliated with the Ministry of Finance, is set up in 1984."

--"The Law for the Protection of the Turkish Currency, which was enacted in order to supervise the economy, has deviated from its intended goals and has begun to impede the economy. In reforming this law, the measures that protect you cannot suddenly be rescinded, but aspects of the law which appear to be impediments will be eliminated through measures to be taken in 1983."

--"The limits we used in 1982 in connection with restricting export credits were required by the agreement we have with the IMF. There was an accumulated demand for 40 billion Turkish liras in export credits. We are reducing this backlog by lending 10 billion Turkish liras a week."

When, after these statements, Kafaoglu said that he has "answered Halit Narin's questions," the businessmen reminded him that the question on "credit interest rates" had remained unanswered. Although Kafaoglu expressed his reluctance to

talk about this issue by saying "I have said many things about this issue in the past," he gave a detailed account and said:

"The banks lost their health during the inflationary period. Today we cannot say that we have very healthy banks. In Turkey, there are no banks with asset-liability ratios of more than 4 percent, compared to 12.5 percent in Belgium and 8 percent in Norway. Just as in the case of industry, the banks have used the savings deposits they borrowed for high interest rates instead of using their own resources. In order to insure that the banks contribute to industry and foreign trade, the banking sector must first be restored to health. At the latest meeting with the banks, the bankers said that reducing the interest rate on savings deposits while keeping the credit interest rates the same will cause a lot of discontent and so they proposed that the credit interest rate be reduced from 40 percent to 38 percent. But I did not agree. I said: 'You are not applying those interest rates in any event. Reduce the amount of blocked funds.' They are forced to do that because they are in a difficult situation."

Upon that Halit Narin said: "Our request is that, since for each 100 Turkish liras of credit we are really paying 80 to 90 Turkish liras in interest and not the official figure of 40 Turkish liras, let us raise the official figures to the 80 to 90 percent level in order to preserve the seriousness of the Turkish economy."

9588

CSO: 3554/122

DISPARATE VIEWS ON VALUE OF PUBLIC HOUSING LAW

Istanbul CUMHURİYET in Turkish 23 Jan 83 p 12

[Text] Ankara--The issue of whether the "Public Housing" Law was stillborn was the most widely debated subject at the public housing seminar organized jointly by the Ministry of Housing and Resettlement and the 100th Anniversary Housing and Banking Institute Fund of the Türkiye Emlak Kredi Bankası.

The seminar was held at the conference room of the Directorate General of the Emlak Kredi Bankası from 18 through 20 January. During the 5 sessions held 24 different subjects prepared by officials and experts were discussed, but the conversation mostly revolved around the issue of how the "Public Housing" Law was born.

Minister of Housing and Resettlement Ahmet Samsunlu, delivering the closing speech on the last day of the seminar, dwelled on the same issue and said: "The Public Housing Law is a beneficial law. Let us not say that it was stillborn simply by looking back two years." Yildirim Aktürk, the Undersecretary of the State Planning Organization, charged that the law was stillborn. Professor Orhan Morgil, one of the panel members, predicted that the Ministry of Housing and Resettlement will not be able to fulfill its responsibilities successfully in view of the state of its organization in rural areas. Meanwhile, Senior Construction Engineer Sabahattin Sagiroglu, another panel member, asked: "How can it be claimed that the law will not work or that it was stillborn if it is not given a chance to be implemented?"

Professor Orhan Geçer spoke about problems stemming from the implementation of the law, Professor Sümer Gürel emphasized the need to halt the spread of slums and Murteza Celikel of the Istanbul Chamber of Industry discussed the position of the private sector with respect to the Public Housing Law.

Speaking at the seminar, which ended by a panel debate, Yildirim Aktürk, panel chairman and Undersecretary of the State Planning Organization, said that the law will be changed in order to resolve the problems, that the public sector cannot fulfill its responsibilities from a perspective of organization and the law's stipulation that public housing projects be given to firms with experience in such projects is not very practical. In a speech on behalf of the Turkish Union of Chambers, panel member Professor Orhan Morgil talked about the inadequacy of the rural organization of the Ministry of Housing and Resettlement. Senior Construction Engineer Sabahattin Sagiroglu, who attended the seminar on behalf of

the Turkish Union of Chambers of Architects and Engineers, said in his speech on the last day of the seminar:

"Creation of resources, planning and organization are essential for the success of the law.

"Resources allocated for the law in 1982 amounted to 90 billion Turkish liras. However, as of the end of 1982 only 7 billion Turkish liras were paid out for the law. How can it be said that a law will not work if it is not given any money and it is not given a chance to be implemented beyond its provisional Article 1? The investment budget for 1983 exceeds 1.2 trillion Turkish liras. At least 50 percent of these investments are for construction. A government organization that can handle construction investments totaling around 600 billion Turkish liras can certainly handle the 100 billion Turkish liras allocated for public housing, and the Turkish construction sector can manage the public housing projects. There is no need to make the said changes in the law in order to turn over the fund to licensed companies and certain banks."

Minister of Housing and Resettlement Ahmet Samsunlu said during his closing speech that the Public Housing Law means money and that no problems will remain if financial resources can be created.

9588

CSO: 3554/122

PAHR ON MIDDLE EAST, OTHER FOREIGN POLICY ISSUES

Tunis LA PRESSE DE TUNIS in French 27 Jan 83 p 6

[Interview with Willibard Pahr, minister of foreign affairs, by Abelwaheb Abdallah]

[Text] We keep trying to strengthen the already existing excellent relations between Tunisia and Austria.

The PLO must be recognized as the representative of the Palestinian people.

Willibard Pahr, the Austrian minister of foreign affairs, began his official visit to Tunisia today. Our special correspondent met Pahr in Vienna to learn more about this visit and the Austrian outlook on important current issues. This exclusive interview given to LA PRESSE, allows us to review the state of international relations. A clear and comprehensive survey resulted.

[Question] Mr Minister, you are about to visit Tunisia on the wake of Chancellor Kreisky. What is the state of Tunisian-Austrian relations and what do you expect from this visit?

[Answer] As you know, we maintain excellent relations with Tunisia and we keep trying to strengthen them. Chancellor Kreisky's visit to Tunisia was made with this in mind.

As a matter of fact, Austria and Tunisia share many common interests in various problems related to the Middle East, the situation in North Africa and the problem of the Sahara. We are also interested in exchanging views with Tunisian officials, and in strengthening our economic relations. Consequently, I will be accompanied by an economic delegation during my visit to Tunisia.

[Question] Tunisia can therefore be considered a privileged partner of Austria. As a matter of fact, Tunisia is an open door to both the Arab World (it is the headquarters of the Arab League) and Africa.

Knowing your interest in the Arab World and the Third World, can we assume that you will meet with the secretary general of the Arab League in Tunis?

[Answer] It is quite possible. We have not yet established the agenda for this visit, but a meeting with the secretary of the Arab League is quite possible.

[Question] With regard to your policy of cooperation with the Maghreb countries, can your visit to Tunis be considered a stage in an overall policy?

[Answer] It is a factor in our overall policy aimed at strengthening relations with the Maghreb countries. Thus, I will not solely visit Tunisia. I will begin in Algeria, followed by Morocco and finally Tunisia.

[Question] You probably have interesting things to discuss with your various Maghrebian partners. I am thinking in particular about a serious problem affecting the area, that of the Sahara. What is Austria's stand on that issue?

[Answer] Our position is very easy to explain. The self-determination principle is very important to us. That is why we greatly appreciated King Hassan II's initiative on holding a referendum in the area.

On the other hand, we favor a direct dialog between the involved parties, such a dialog being consistent with our policy.

Furthermore, we believe that the OAU could perform a very useful function in this matter. Unfortunately, being familiar with the present situation in that organization, you know that the possibility of a direct dialog between the two parties should be investigated, including especially a direct dialog between Morocco and the Polisario. In any case, we recognize the Polisario.

[Question] Unfortunately, the OAU is undergoing a severe crisis. Do you think that the Saudi initiative concerning the Sahara will lead to a solution?

[Answer] It certainly is a very important initiative, for it is offering solutions based on negotiations.

Austria-Arab World

[Question] Mr Minister, Chancellor Kreisky's courageous stand and correct analyses have earned Austria great prestige and a special position in the Arab world.

How can we qualify these relations? Is it true that Arab capital "rewarded" the Austrian position as some propagandists have claimed or suggested?

[Answer] For us, relations with the Arab states are a feature of our general policy, the main purpose of which is to establish friendly and close relations with all countries in the world.

Obviously, the Arab states are especially important to us because they are experiencing a crisis. We consider the Middle East problem among the most serious and dangerous crises. We have maintained an unwavering position from the very beginning: We have always supported the recognition of the rights and security of all states in that area, including Israel. We also have always recognized the existence of the Palestinian people and their right to self-determination.

This well-balanced position has always been recognized and appreciated by the Arab states and may be considered the basis of the excellent relations which exist between those states and Austria.

[Question] Mr Minister, the situation has greatly evolved since last summer and peace prospects seem to be becoming increasingly distant.

[Answer] Yes, you are right, but we greatly appreciated the recommendations of the Fès Charter as well as President Reagan's proposals. We believe that these two proposals include very important features which could lead to a new start. You are absolutely right, the war in Lebanon has driven us further away from peace.

On the other hand, there are new factors, new developments, such as King Hussein of Jordan's initiative, which we consider to be very important. Jordan could also become, with PLO consent, the Palestinians' spokesman and perhaps also its representative in the negotiations with Israel.

[Question] Does the recognition of the PLO still remain a problem?

[Answer] Yes, it is a requirement. The Palestinians and their rights must be recognized as the PLO must be recognized as representing the Palestinians.

Perhaps the Jordanian option could be a solution, a path to peace.

[Question] Do you believe that Moscow's endorsement of Arafat during his recent official visit there is likely to change the situation?

[Answer] It is hard to say. Soviet interests in that area must be considered.

[Question] Chancellor Kreisky is scheduled to go to the United States in a few days. I assume that he will also discuss the Middle East?

[Answer] Certainly.

[Question] As you so clearly explained, can the Jordanian option provide the solution as Austria sees it?

[Answer] It is a very interesting move, especially if it is made with the consent of the Palestinians and the PLO and with their cooperation.

[Question] Yes, but what about Israel?

[Answer] Unfortunately, until now, it has always been Israel which has been somewhat uncooperative. But perhaps with the assistance of the United States, this Israeli attitude can be changed.

[Question] As everyone knows, the question which usually comes up is precisely that the ratio of forces is important in international relations. For the time being at least, it seems to be the case, this ratio is favorable to Israel. On the other hand, in your view, is the United States capable of imposing a solution to the Israelis?

[Answer] Israel is a sovereign state and, consequently, it is obviously impossible to force it to accept a solution; however, perhaps Israel will recognize that its security cannot be guaranteed solely by military means.

Furthermore, in the long run, Israel will also need to maintain relations and to cooperate with its neighbors. Consequently, I am optimistic and I hope that the United States, unable to impose something on Israel, will succeed in convincing it that the suggested solutions are, in the final account, far more advantageous to its security than military power.

[Question] Even with Begin's presence at the helm of the Israeli government?

[Answer] Israel is, after all, a democratic state; changes are therefore still possible. On the other hand, Begin could change options. That is to say that, for the time being, the only way to be optimistic is to use peaceful means of persuasion, for the other option is war and, as we all know, war is not a solution. All the people in the Middle East also know this very well.

[Question] Since we are talking about the Middle East, Mr Minister, I would like to ask you a question about the conflict between Iran and Iraq.

In particular, not much is known about the stand of the superpowers. Can Austria which holds a privileged position in the area, undertake something on behalf of peace?

Would an Austrian initiative be conceivable?

[Answer] You know that there are several initiatives, that of Algeria, the non-aligned countries, the Arab League, the Islamic Congress and the UN. We feel that there are enough initiatives. Should the two parties believe that Austria can do something, we are at their disposal. However, we do not intend to start anything on our own.

[Question] Do you feel that it is a conflict which could deteriorate and do you consider it important?

[Answer] It is a very important, very dangerous conflict because it has religious overtones. There is also the interest of the great powers to be considered. That is why one of the consequences of the war could be a confrontation between the great powers.

North-South Dialog

[Question] You have always expressed your intentions to cooperate with all Third World countries. As to international institutions, you have always rather favored Third World theses on North-South dialog and a New World Information Order. Do you believe in this dialog and this New Order?

[Answer] As to a New World Information Order, which was mostly favored by UNESCO, I do not believe that this idea can be implemented. In any case, I feel that it is too

close to the limitations of freedom of information; however, in Austria, we attach much importance to all the aspects of this freedom. We have great reservations regarding this New Information Order favored by UNESCO.

Besides, it is one of the reasons for which Austria and Mexico proposed the Caucun Summit. Unfortunately, let us note that, given the current international situation, the chances of resolving this problem are small. The current political crisis stemming from tensions between the great powers and the bloc system as well as the worldwide economic crisis hinder a solution to the problem.

As for us, we are convinced that such a solution is also a condition for resolving the global economic crisis.

[Question] Do you believe in the effectiveness of a tripartite cooperation? I presume that you will talk about it during your visit to Tunisia.

Can you explain your views?

[Answer] I believe that a cooperation between developing and industrialized countries, as well as a South-South cooperation with the North, are certainly very important.

[Question] In that context, are there specific projects involving Tunisia?

[Answer] For the time being, we have no specific projects; but, especially in view of the agricultural cooperation existing between Tunisia and Austria, we could cooperate with the developing countries.

[Question] Is there a plan to establish a tripartite investment bank similar to the French one?

[Answer] It may be a little premature but, perhaps, subsequent to the initial contacts between our economic representatives, the possibilities will become clearer.

Neutrality

[Question] Austria cannot be discussed without the neutrality issue coming up, a neutrality that the Austrians like to qualify as active. The emphasis on the word active is revealing for it gives the observer the feeling that such neutrality turns the Austrians into spectators who do not truly participate in shaping their future. At this point, I refer in particular to the discussions on the defense in Europe, namely, the Euromissiles. All the European nations participated and expressed their opinion. Does Austria's neutrality prevent it from participating in this serious debate?

[Answer] We are not participating in this debate for two reasons. First, this issue does not touch Austria directly. Indirectly yes, because all questions of armament can influence the security of European countries and therefore our own.

Second, it is very difficult for us to assess technical questions regarding disarmament and armament problems. Our view has always been that it is very important to establish a balance between the two great powers at the lowest possible level.

However, given our means, it is practically impossible for us to determine objectively if such a balance exists, if it is objective or, rather, if it favors one of the great powers or the other. Consequently, I submitted a proposal to the United Nations this year on setting up a system for assessing objectively the armament level of the great powers as well as that of the entire world. This proposal was unanimously adopted by the General Assembly and I hope that later, providing that we have the necessary data, we will be able to participate more actively in these discussions.

[Question] If I understand you well, Mr Minister, you are therefore comfortable with this neutrality status?

[Answer] Certainly, it does not bother us and we have accepted it. It was our wish and I believe that no one in Austria is interested in changing it.

Poland and Afghanistan

[Question] How do you see the future of both Poland and Afghanistan with the advent of the new soviet leadership?

[Answer] I am very reluctant to predict the consequences of the changes in the Soviet Union. As of now, we do not see changes in Soviet policy brought about by the nomination of the new general secretary.

[Question] Therefore, you see no new prospects either for Poland or Afghanistan?

[Answer] New prospects may exist, but I cannot anticipate the future without valid substantive arguments. As to Afghanistan for example, it was felt immediately after Brezhnev's death that Dhiya Ul-Haq's contacts in Moscow with the new general secretary would introduce new factors. However, 2 or 3 weeks later, we saw that the USSR's position had not changed.

Similar impressions surfaced concerning relations with China. I no longer see what the new factors were. As to Poland, as of now we do not see any change in Soviet policy. I do not think that the USSR wants to change its policies because it is unwilling to surrender or to limit its influence in Poland, for this influence is a factor in the status quo in Europe. I do not feel that there is currently a way of really changing this status quo from the outside.

[Question] Mr Minister, I would like to ask your general impression, as the leading Austrian diplomat, concerning the future of international relations and worldwide peace. In other words, what are the guidelines of Austrian diplomacy, bearing in mind the current difficulties?

[Answer] I already mentioned that I feel that the world is today in a more precarious situation than in the past because we currently face both a political and a worldwide economic crisis, and the two crisis combined obviously have very negative consequences.

You also asked what our side could do. First of all, we believe that it is necessary to replace confrontation policies as currently practiced with a policy of

cooperation. That is why we pursue our policy of cooperation and coexistence to which, in our opinion, there are no reasonable alternatives.

[Question] Does this require much optimism and good will?

[Answer] Yes.

[Question] Mr Minister, you said a while ago that the international economic situation is bad. In Europe, the Austrians in particular, perhaps more so than others, have experienced economic difficulties in foreign trade, especially since you have been victimized by the recently expressed EEC protectionism. You also have very active trade relations with Japan which floods your country with Japanese products. Did you, in Austria, opt for a protectionist policy? Does not this situation hinder your foreign trade?

[Answer] As you said, there is a worldwide protectionist trend caused by the economic crisis. In our opinion, such an attitude cannot resolve economic problems. On the contrary, we tried it and we saw the consequences of protectionism in the 1930's. We therefore intend to pursue our liberal foreign trade policy. To be sure, we are aware of the consequences of the Common Market policies and of those of the United States concerning steel and coal, but none of these factors can change our conviction that foreign trade liberalism is the best solution to foreign problems.

[Question] Do these new decisions hinder you, nonetheless?

[Answer] Yes, they do hinder us, but this is no reason to adopt similar measures, because they all reduce trade and therefore weaken the economy.

[Question] Are you having difficulties with Japan?

[Answer] Yes, there are competition problems, but on the other hand, we hesitate to take restrictive steps. On the contrary, we are trying to increase our two-way trade with Japan.

[Question] Do you have a balance of trade with Japan?

[Answer] No, far from it. But we can increase our exports to Japan.

[Question] Does the fact that your currency is strong cause you export difficulties?

[Answer] Yes but last year we nevertheless increased our exports.

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CSO: 3619/40

PSC'S DEPREZ ON RELATIONS WITH CVP, STEEL INDUSTRY

Brussels KNACK in Dutch 19 Jan 83 pp 25-27

[Interview with PSC (Walloon Social Christian Party) Chairman Gerard Deprez by J.S.: "The CVP (Flemish Social Christian Party) Wants to Do Like Spitaels; The PSC of Deprez Against the Steel Wall"; passages in slantlines printed in italics.]

[Text] Last week the young PSC chairman, Gerard Deprez, 39, stated that the time of CVP ukases is finished, /over with/. CVP Chairman Frank Swaelen was upset for several days about that sudden revolt of the small Walloon sister party. What Deprez meant by those ukases is shown very clearly in the following discussion.

[Question] Last week CVP Minister Mark Eyskens of Economic Affairs said that the regionalization of the five sectors is economic nonsense, but politically necessary. But doesn't your party seem to be more than a little against that?

Gerard Deprez: It is one of the paradoxes of our state that now a national minister, without the public questioning it, simply proposes to send the country into an economically rejectitious course because it is politically unavoidable. I would understand that more or less if it came from a party leader, but from a minister it is a perplexing, unacceptable and inappropriate statement. What do I mean by those ukases? In September the CVP proposed to communalize education. That was its right as a party. The problem was not posed immediately and did not cut across the government declaration. They didn't say that it should be accepted or rejected, or what would happen. But what happened in the steel industry is different. There is a government accord, and there is a steel package with which the government is dealing. When the CVP took its standpoint, the government was faced with immediate decisions. What did the CVP say then? That under no circumstances it would accept that a number of decisions were made for the financing of Walloon steel if certain conditions were not met which it was making in that regard and which were supported by the entire party. What I called ukase is the entire government coalition saying at one point: you can't do that; you must stick to our conditions. That was not acceptable.

[Question] In all its years in power, the CVP has always yielded much to the PSC, but one wasn't allowed to say that openly. It is a new political fact that you are now standing up so squarely to the CVP.

Deprez: I have taken such a clear standpoint because we have come to a historic turning point. According to our entire party, including the /executive committee/ and parliamentary groups, the Van den Brande proposal implies something much more fundamental than its author pretends. The Van den Brande proposal and the attitude of Mark Eyskens pose the fundamental question about the future of the state. We are now in a crucial phase in which we believe the Van den Brande proposal, if supported by the CVP, would unavoidably send our country in the direction of separatism at the economic level, and that with the complicity of the Socialist Party in Wallonia. Why do we think that? Because, first of all, it is not possible to reach an accord on the regionalization of the five sectors without an endless competition. From the Francophone side an immediate regionalization of the large infrastructure works would be demanded, to which the Flemings would reply with scientific policy and the Walloons, in turn, with the credit system. All without saying so, and progressively that is the shortest way to render the state incapable of pursuing a coherent policy. The Van den Brande proposal indeed states clearly that the regions must get the necessary means for the regionalization through the yield of direct taxes. That has a name in politics; that is called the principle of /juste retour/ [fair return]. You only get from the pot what you yourself put into it. That means no more or less than that no solidarity whatsoever exists any longer; it will become the very negation of any concept of "state." Then the floodgates of the dam are open to do the same in social security. What would happen is that Wallonia would have to mobilize a great deal with relatively few means, only to save the steel industry. We in the PSC want to adapt /Cockerill Sambre/ to the imperatives of the market, and that presupposes a hard and difficult /strategie de repli/ [cut back strategy]. But whatever that new strategy will be, new financial means will be needed. The financial structure of society has to be straightened out; investments are needed. That presumes several tens of billions over a few years' time. And if then we have to return the direct taxes to the regions in order to hand the Walloons, who bring in 30 percent of the state income, those 40 billion exclusively for their steel for the time being, then that means that the Flemings would immediately get 60 billion returned without their being obliged to put that into the restructuring of the sector. You can do anything with that; new technologies, etc. That means that one is fundamentally widening the industrial, economic and technological chism between the Walloons and the Flemings. That in turn will cause increased political tensions. There is no limit, you see, to the /fair return/. The next step is social security, on which it has already been said in certain studies that transfers are taking place from Flanders to Wallonia, and on the railroad. On the latter, Walloons cost more because the rail lines are longer there for fewer passengers. There is no end to that competition, to the haggling for power. And please don't believe those who say that all this is politically necessary in order to create peace in the state. Either they are not intelligent, or they favor a conscious cynical policy. If the CVP wants to follow the logic which unavoidably leads to economic separatism, then let it negotiate with Guy Spitaels [PS (Socialist Party of Belgium)], but /without/ us.

[Question] A CVP-PS government without the PSC; wouldn't that really be a novelty?

Deprez: There is a new generation in the PSC; we are the youngest party. The time is past when the PSC agreed to all the compromises only to partake in the power. We are told that there are only 15 of us representatives; well, then they can do without us. We don't want to deceive the people on such a fundamental point.

If the CVP wants to follow in the footsteps of Van den Brande and Eyskens, with the complicity of the PS, well, let it go ahead. That is its own responsibility, but we won't follow. Let that be very clear. We are convinced that they don't want to tell the population about the scenario which unavoidably results from that logic. The strategy which is adhered to by some in the CVP means objectively that the position of the PS in Wallonia will be strengthened. To the degree that Spitaels can play with the spectre of the CVP ukases and of the chism in solidarity, he is being sanctioned to proclaim for the Walloon public that nothing can be achieved any longer with those people, the CVP. We in the PSC have never put the government before a ukase. We have supported this government without conditions. The PSC is the only party among the majority in which in the entire year 1982 no contradictions have arisen between its ministers and the party leadership. And that did happen in the CVP and also in the PVV [Party of Liberty and Progress]. During the past year something has changed in our party; there hasn't been one standpoint of what used to be called the /families/. Those who didn't belong with us are gone. To our relief the most activist but least honorable part of what used to be the /Cepic/, those conservative, clerical and even fascistic people, are gone.

[Question] If the CVP doesn't follow up on your idea, will you then leave the government?

Deprez: We have never broken a government accord. We have emphasized three things which were in the government declaration: that there should be an effort on behalf of families, that the redistribution of work hours should be negotiated, and that one should respect what the government declaration says about the steel industry. So far we have asked nothing that went further. We have only urged that decisions on steel be made before 31 December, or otherwise the bankruptcy of Cockerill-Sambre would be imminent. That would be a dramatic perspective not only for the workers there, but for everyone including the suppliers and the state. For does one really know what the bankruptcy of Cockerill-Sambre means? Has that been said? It involves 108 billion [Belgian francs] of which the state would have to pay 78 billion /immediately/. The /cut back strategy/ we favor now would not cost half that much. We want that to be pursued very strictly. The PSC was the first to announce that it was prepared to couple the granting of any supplementary aid to a social pact to the moderation of workers' incomes. If a social pact comes about by the end of the month, the PSC ministers are prepared to have the objective of the government pursued in its entirety. We want to government contract to be fully respected; we want to fully carry the responsibility for the steel package. We want to continue the coalition. We would not leave it, but it is the logic of others which would make us leave. We don't want to avoid any responsibility, but we won't pay a price which we find unjust. Our goal is for the Walloon steel industry not only to be viable again by 1985, but also to have prospects for profit. That requires a tough strategy, which we defend. It will require more means, and those have to be calculated. But we refuse to let the state be dismantled because of that.

[Question] In order to achieve those profits by 1985, the Belgian State thus has to take further responsibility in your view?

Deprez: Definitely, for one can't saddle the Walloon region with that. Who wants to do that is putting Wallonia against the wall and is widening the chism with Flanders.

[Question] The CVP has always had its Jos Dupre, its Eric Van Rompuy and its Luc Van den Brande for the gallery, but it acted very differently at the government table. How was it possible for the relatively heavy political weight of Mark Eyskens to get involved in that?

Deprez: The CVP has to choose. Its choice is enormously important for the future of the country. The CVP must choose and its partners must know what game it is playing. We are now saying to the CVP that, without calling it such, it is choosing the road of economic separatism which is the road of Spitaels' strategy for Wallonia. That is not our road; we won't follow.

[Question] How could matters have proceeded so fast to this point? Is that to be blamed only on the bad conjuncture which has struck the steel industry?

Deprez: There are three elements involved. First there is the thesis which is catching on in some Flemish circles and in the CVP of the /fair return/ on which no solidarity and no state can survive. Secondly, there is the desire of the PS, which has never succeeded in controlling the Belgian state, to withdraw itself into Wallonia. And those elements have of course been intensified by the steel crisis. Now the CVP has to decide whether it wants to drive Wallonia against the wall and hand that region over to Spitaels. If the CVP accepts the Van den Brande proposal, I formally say: go ahead and choose the Walloon socialists, against us. Then there is no longer any solidarity among Christians in this state, which for us has always been an engine of political development.

[Question] According to your analysis things are so bad now with the state that the coalition will possibly be happy to seize the Happart-case in order to split up.

Deprez: The elections in Voeren took place completely according to the law. In all municipalities the candidacy of the mayor is proposed by the majority and that also happened in Voeren. Voeren is a municipality with problems, but the law and democracy were adhered to. Jose Happart was nominated by the councilmembers in Voeren by ten to five votes. What argument can there be against that?

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CSO: 3614/46

FDF'S NEW CHAIRMAN, FUTURE PROSPECTS VIEWED

Brussels KNACK in Dutch 19 Jan 83 pp 124-125

[Report by Frans Verleyen: "The Man of 1789"]

[Text] Communal re-armament inside and outside the government has exploded at full strength again. No one can keep Happart, the Walloon steel industry and the whole economic conflict of interests between Flanders and Wallonia from also crippling the political authority. Normally speaking, the Martens V cabinet cannot explode the increasing tension without going up itself along with it.

The new FDF [Francophone Democratic Front] chairman, Lucien Outers, elected last Saturday by three quarters of the congress votes in the Magdalena Hall in Brussels, will definitely not avoid making trouble for the government. He is almost 58, a former minister, the capable mayor of the Brussels municipality Oudergem and has been a member of parliament since 1968. Now he has to make his badly damaged FDF blossom again and conclude his career in a dignified manner.

During the past weeks there has been considerable activity with respect to the succession of Mrs Antoinette Spaak, who left after over 5 years as president and who will now primarily occupy her seat in the European Strasbourg. New candidates for her seat have kept turning up since last summer. Each one of them embodied yet another geographic, confessional or social-economic variant in the party. The latter possibly has a few too many variants to become or remain a coherent entity. There are Walloons, such as Lucien Outers himself from Liege, who simply can't part with the Wallobrux idea with its front of 4.4 million Francophones against the agony-provoking "Flemish steamroller." How deep that fear is was proven once again at the most recent congress where a speaker was afraid of Flemish power expanding as far as Namur.

There are also the so-called peripherists, with a waning influence, who want to continue to use the FDF as a crowbar for the further frenchifying of border municipalities and for the creation of a very large Brussels. They were able to play off against Outers Eugene Messemakers, the only other candidate. But it is increasingly difficult for this group within the party to keep summoning the little man in the capital for a political struggle in favor of the rich villa dwellers in the green belt around Brussels.

Studies have indeed proven that the average FDF voter is a not very youthful civil servant or little shopkeeper with a modest social position and considerable

material problems to worry about. The half-way dissident Roger Nols always had a good feel for that. But there is also a persevering renardistic and socialist current in the movement of which Leon Defosset has always been the figurehead.

Besides that dividing line, there is another purely confessional one: that of freethinkers like Basile Risopoulos against Christians such as Andre Lagasse and the entire Louvain-la-Neuve environment. Mrs Spaak has always claimed that such a social and ideologic mosaic is an asset for a party. However, that is true only for a modern ideas club, not for a political party which has to strive for power.

How does Lucien Outers, almost certainly the future negotiator in a new round for the very last constitutional revision, fit into that picture? In any event he is an early fighter from the time the party was founded 20 years ago and composed from an amalgam of small, French-speaking parties, funds and groups. François Perin also was part of that, as well as Defosset, Lagasse, Jean van Rijn and François Persoons.

Outers is a lawyer from Liege University, but first he had a career as civil servant (in the transport department) in national and international air transport before becoming a politician. For many years he was vice chairman and secretary-general of the FDF. The seventies were the most fertile; he became a noted /speaker/ in the Chamber as well as mayor, minister of development cooperation and of foreign trade and scientific policy under both Tindemans and Martens.

Catholic, father of five children, defender of larger families in our country and in Europe, incorruptible and prompt, author. He never paid much attention to the customary phraseological fad in politics. Already at the end of the sixties he published the controversial book "The Belgian Divorce," right after the Louvain question. Later he was to write an open letter to the king to predict the rapid end of the Belgian State, a political crime novel, "Le Compagnon Rouge," and a large number of witty articles in numerous papers including LE MONDE.

As a speaker he was and is simply outstanding, as a publisher often reckless. Thus after being minister he wrote that the Belgian State was corrupt from high to low and that foreign countries see it as such. But for furnishing proof in the matter he referred to later writings which never came about.

Generous and well-read, he was the first minister from an EEC country to visit war- and poverty-stricken Hanoi in order to offer the Vietnamese a very Franco-phone-colored Belgian aid program. In doing so, he considerably exceeded the budget allowed him by the cabinet council and gave a very unusual, almost touching speech on the injustice and evil the Christian West so often has caused in the world.

On the domestic front in the seventies, Outers, together with Hugo Schiltz and Wilfried Martens, was undoubtedly the most gifted negotiator at Egmont and Stuyvenberg, in the hope of finding a total and structural compromise with which the Belgium of the Flemings and the Francophones could possibly be saved. As is known, this enterprise failed in confused circumstances. Since that time Outers no longer has any interest in the Flemings and doesn't even want to talk with them. At every opportunity he repeats that they always go back on their word anyway.

It is further known that he believes in some kind of future fusion of Wallonia with France. He is very much at home in Paris, and after he was minister he even started to write the scenario of a French film. He also owns a much-visited country home in the Perigord.

As mayor of Oudergem he has the reputation of being a "serene" administrator with an almost fanatical leaning toward courteousness in relations between public servants and the public. That style, together with the choice of a few good, young collaborators, was grist for his mill. Outers survived very well the latest elections which were so unfavorable for the FDF.

Last Saturday he had no trouble whatsoever in being nominated. Some days prior to that all the opposing candidates, except for Messemackers, had withdrawn themselves against their will during a rather tense party meeting. The tension within the FDF is indeed too great right now to risk a tough election. Too many deserters have been going over to other parties lately. And the presidential program of Outers is a cocktail of the most conspicuous needs of the party: relaxing (not abandoning) of the Wallobrux-tactics, the drafting of a center-left economic program, and the renewed attracting of disenchanted youths. The social policy of Martens V doesn't get any mercy. Outers quoted Scarron (/if I understand correctly, I will die cured?"/) to say that the current government will have rendered us competitive again in the near future, but without any factories remaining.

However, the most unusual was the exclamation: Belgium is at the eve of its 1789; the Francophones must prepare themselves for that.

For Outers, devotee of nice old-fashioned French things but also of his green Matra sportscar, only revolutions with a French scent are possible; the others can't be real. He certainly should watch his secretary-general Georges Desir. The latter namely recommended a large roll back to the Brussels municipalities and, for the rest, said the opposite of everything Outers claimed. But the Magdalena hall boiled over with enthusiasm.

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CS0: 3614/46

SPECULATION IN PQ ON 'POST-LEVESQUE' LEADERSHIP

Montreal LA PRESSE in French 22 Jan 83 p A 8

[Article by Pierre Vennat: "PQ Members Are Already Openly Discussing the Post-Levesque Era"]

[Text] Late this month in Quebec, the national council of the PQ [Parti Quebecois] could mark the beginning of what we might call the "post-Levesque era."

One of the documents to be submitted to the council, and which has moreover already been ratified by the party executive, provides that Prime Minister Levesque's leadership will have to be assessed by PQ militants and that he will have to face a vote of confidence at the next party congress, in December 1983 or early in 1984.

Of course, there is nothing to indicate that Mr Levesque could not win that vote hands down. Nobody, i.e. no prominent party member except maybe the party's rebellious child, Guy Bisailon who is still deputy of Sainte-Marie, has yet dared say in public that Rene Levesque was passe and that he must go; more and more openly, however, and as long as they are not to be quoted on it, PQ militants and even PQ officials do not mind saying that the prime minister should prepare his succession, and rather quickly.

In the past few days, some even told LA PRESSE that the debate on the resolution considered would precisely initiate, although only in veiled terms, the process of replacing the party leader-founder.

A Situation Different From Last Year

The contrast between Mr Levesque's position within his party last year and this year is striking.

Last year at this time, we were in the middle of a referendum.

Disappointed by the positions adopted by his party congress in December 1981, Mr Levesque--doing what General de Gaulle had done a couple of times--had delivered an ultimatum: either the congress would retract and plebiscite him and his positions, or he would step down and abandon the government and the party to themselves.

Mr Levesque was plebiscited and since then he has publicly stated he would not abandon the ship in the middle of a storm.

The prime minister, therefore, no longer considers stepping down. The new twist is that many, even among his lieutenants, openly discuss in private and even in front of the press the necessity for Mr Levesque to announce when he plans to step down so a smooth transition can be prepared.

Considering that the prime minister has become a sort of national hero for his party and a large section of the population, they would not like to have to ask him to go. All the same, political observers cannot fail to notice that the chief himself is increasingly questioned even from within the PQ.

For instance, several county associations have strongly and publicly protested the exclusion of Mrs Pauline Marois from the committee on priorities and simultaneously demanded her immediate reinstatement.

The prime minister might be tempted to reply that these are only activists or feminists, but then a resolution from the party national executive committee itself is asking the same thing, although in more moderate terms.

Finally, although they are addressed to the government as a whole and not only to Mr Levesque personally, the many propositions disapproving the government's negotiation policy are there to prove that, even though Mr Levesque is still the most popular political leader in Quebec, his policies are increasingly questioned by his very supporters.

Other, still more general resolutions disapproving the salary increase which the deputies voted themselves before the holidays confirm the existence of another malaise which has always been latent in the PQ: as a rule, the deputies are not very popular with the militants.

Anyhow, the honeymoon between Mr Levesque and his militants is over. The prime minister remains a respected leader, but he cannot go on disregarding the militants' wishes without running the risk of seeing his leadership questioned.

This being said, no heir apparent is really emerging. The statements cited by Mr Bisailon during the negotiations, according to which the prime minister is paving the way for Pierre-Marc Johnson to succeed him, did not make the latter any more attractive, quite to the contrary. But, until now, none of Mr Johnson's possible contenders for Mr Levesque's succession has dared raise his head.

While the liberals are preparing the post-Trudeau era in Ottawa, certain PQ members are already getting ready for the post-Levesque era, even though they are more discreet about it.

1983 could well be a year of internal debates within the PQ.

G.-D. LEVESQUE GAINING GROUND AS PLQ INTERIM LEADER

Montreal LA PRESSE in French 22 Jan 83 p A 8

[Article by Pierre Vennat: "Little By Little, Gerard-D. Levesque Is Gaining Ground as Interim Liberal Leader"]

[Text] A few days ago, the Toronto GLOBE AND MAIL announced that the largest beauty contest in America had started.

The daily was alluding to the fact that, over a year and a half before the large conventions which will nominate the Republican and Democratic candidates to the U.S. presidency, the contenders have already entered the arena. Already, therefore, the two formations are in the headlines, and this will go on for 18 months.

We could therefore assume that here, in Quebec, the liberals for instance--who are preparing for a leadership congress--had better start the hostilities as soon as possible, to make the most of any incidental publicity. It is quite obvious, however, that several strategists are trying to postpone the deadline. Their attitude is due both to general considerations concerning the party image and to specific reasons having to do with the identity of potential candidates in the forthcoming struggle.

The Strategists' Game

Nearly six months after Claude Ryan stepped down, not only the date of the next leadership congress, but also the name of the candidates are unknown.

Several names have been mentioned, of course; for instance, those of former Primer Minister Robert Bourassa, interim Party Leader Gerard-D. Levesque, Daniel Johnson, or others such as Jean Curnoyer, Guy Descary, Raymond Garneau. In some circles, the names of Therese Lavoie-Roux and Alain Cousineau are also mentioned.

At the party headquarters, strategists would like the situation to remain undecided for a while longer, both with respect to the circumstances of the congress meeting and to the identity of the candidates.

A politicologist's survey made at the request of the party is said to have shown that, in Quebec, a leadership campaign will benefit a party only if it does not exceed three months. After three months, the public gets tired.

Specialists also consider the fact that, at a leadership congress, the live forces of a party may lose their unity by joining the various candidates in competition. In addition, the efforts expended by the various elements of a party when they join one side or another are as many energies that do not help the party in its struggle against the incumbent government.

The Danger of a Premature Campaign...

Apart from these general considerations on the negative aspects of a leadership campaign, however, liberal strategists also worry that a leadership campaign might be triggered prematurely. It is an open secret that a premature campaign would play into the hands of Robert Bourassa who, according to all polls, is now the leader in this popularity contest.

Bourassa's supporters are well aware of the fact--which has been demonstrated in the United States--that the favorite in the polls one year before the elections is rarely the winner. The examples of Nelson Rockefeller, Edmund Muskie and, more recently, Ted Kennedy, are there to prove it. In the case of the liberal leadership, supporters of Gerard-D. Levesque, for instance, would like to postpone the leadership congress as long as possible, knowing that time could enhance their candidate's image and tarnish Bourassa's.

The latter took advantage of many forums when it became apparent that Claude Ryan was on his way out. All those who had a grudge against the former editorial writer would invite Mr Bourassa and the media did not fail to exploit the phenomenon of a popular Bourassa facing an increasingly disputed leader.

But the wind has changed since September.

Mr Levesque, Gerard-D. as his friends like to call him, was never thought to have great political ambitions. As an interim party leader, however, because of the importance of his position as well as because of his qualities, the man acquired a dimension which naturally makes him a candidate.

So much so that many party strategists, who are dreaming of a brand new leader and therefore are opposed to a come-back of Bourassa, at least as party leader, might just join those who would like the interim leader to become a full-fledged leader, even if only for a transition period.

Such a leader would step down after three or four years at most, time enough to come to power and enable young ministers, such as Daniel Johnson or Alain Cousineau for instance, to prove themselves before confronting the leadership.

In this respect, one is reminded of Lester Pearson who, after ousting John Diefenbaker, soon had to yield his position to a Pierre-Elliott Trudeau who, a few months ago, had never been heard of by many Canadian voters. Trudeau was to defeat John Turner, who had also emerged from near anonymity.

In the past few days, the media received a communique saying word for word that, on Sunday 6 March in Laval, 800 guests would meet "the leader of the Quebec Liberal Party, Mr Gerard-D. Levesque." The word "interim" is conspicuously missing.

The omission may not be quite an accident.

9294

CSO: 3619/43

SYRIAN SAM-5'S COULD HIT AKROTIRI BASE

NC101304 Nicosia EIKONES in Greek 5-18 Feb 83 p 13

[Excerpts] According to Arab sources, the SAM-5 antiaircraft missiles which have been installed in Syria would be able to hit the U.S. U-2 spy planes or other military aircraft in Akrotiri [Cyprus] in the event that the United States decided to support an Israeli attack against Syria.

The Israelis have caused a great international uproar lately by maintaining that the Soviet Union has begun sending powerful, long-range antiaircraft missiles to Syria which can hit targets both in Israel and in other countries. The Israelis allege that 12 SAM-5 launching pads and their electronic detection and guiding equipment have recently arrived at Tartous port from the Soviet Black Sea port of Nikolaev.

It must be pointed out that the Soviet Union denies that it has supplied such modern missiles to Syria. However, the Israelis insist that it is true, and it appears that the United States believes the Israeli allegations.

If the Israeli allegations are correct and Syria intends to acquire SAM-5's, it will have the capability of repelling hits quickly. For example, if the British base at Akrotiri were used to support a fresh Israeli attack--as happened during the 1967 war--an aircraft taking off from Akrotiri could be hit by SAM-5's fired from a Syrian base.

The dimensions of this danger are particularly serious in view of the fact that the British allow the U.S. Air Force to use the Akrotiri base for U-2 flights over the eastern Mediterranean. The initial reason given was that these flights were necessary to monitor the implementation of the Egypt-Israel disengagement agreement in the Sinai following the 1973 war. The need for these flights has long since passed, but the spy flights from Akrotiri are being continued daily to reconnoiter the movements of the Soviet fleet in the Mediterranean, the movement of troops in Arab countries or the establishment of bases. The Israeli allegation about the existence of SAM-5's will undoubtedly increase the U.S. Air Force spy flights from Akrotiri over Syria. This might provoke the Syrians to defend their airspace from such undesirable visits in their skies.

These developments may culminate in a fresh showdown in the area, because when the Israelis want to attack a neighboring country, they always advance security reasons. They say their security is endangered when missiles or other weapons are installed in an Arab country, and they generally wage preventive attacks. An attack against Syria is not ruled out and is something which could lead to a wider conflict with the participation of the United States. U.S. fighter aircraft are periodically stationed at Akrotiri. The United States may use them to support Israel. In such a case the Syrians would not remain inactive. Most probably they would hit these aircraft in Akrotiri with SAM-5 missiles.

CSO: 3521/194

BRIEFS

AKEL PROTESTS TUDEH MEMBERS' ARREST--AKEL Secretary General Papaioannou has sent Iran's Ayatollah Khomeini the following cable: "The AKEL Central Committee and the progressive Cypriot people were shaken by the arrest of Nureddin Kianuri and other leaders of the Tudeh Party, and ask for your intervention and his release. The persecution of the Tudeh Party patriots, who waged a self-sacrificial struggle against the shah's regime and who consistently support the Iranian revolution, will constitute a blow against the popular anti-imperialist character of the Iranian revolution." [Signed] Ezekias Papaioannou, AKEL secretary general. [Text] [NC110909 Nicosia KHARAVYI in Greek 11 Feb 83 p 1]

CSO: 3521/194

RENEWAL OF FDP SUPPORT IN BADEN-WUERTTEMBERG ASSESSED

Hamburg DIE ZEIT in German 14 Jan 83 p 4

[Article by Hermann Rudolph about the Bundestag election campaign: "Taking Comfort Over the Abyss--Liberals Find Themselves Again in Baden-Wuerttemberg"]

[Text] Stuttgart, January 1983--How could it be otherwise? All parties are stumbling helter-skelter into this arbitrarily conjured up election campaign. Yet in the case of the Free Democrats there does appear to be a method in the operation, which--as if the FDP, with magical belief, were looking for its own half-obliterated tracks in order to seek comfort--is making the overture of this confrontation cast a long thought-inviting shadow.

For the fact that the FDP began this election campaign, in which its very existence is at stake, with a speech abounding in principles by sociologist Ralf Dahrendorf at the Stuttgart Epiphany meeting is of course due primarily to strategic calculation and favorable circumstances--the desire of Baden-Wuerttemberg FDP Chairman Morlok to bring his Land party into focus and the decision of the former FDP Landtag and Bundestag deputy, under secretary and European commissioner to get back into German politics. At the same time, it called to mind that on the same occasion exactly 15 years before--the Epiphany meeting of 1968--Dahrendorf once before had made a renewal of the FDP a matter of policy. The Federal party congress in Freiburg late this month, which the FDP plans to use to emphasize its fight for survival, will continue this conjuring up of the past: at the same place and on the same date, likewise 15 years ago--late in January 1968--a party congress set the crucial switches for a new FDP by electing Walter Scheel its chairman.

The ancient philosophers already knew, however, that one cannot climb twice into the same river. And, sure enough, the coincidence of dates and occasions, it would seem, makes the incomparability all the more apparent, costing a glaring light on the gap between that time and today. In 1968 the FDP was en route to the SPD-FDP coalition, whereas early in 1983 it is digging itself out of the ruins of that coalition. In 1968 it shed the role of a middle-class party, whereas today, if anything, it appears to be reverting to it. Fifteen years ago--and this is more significant than anything else--it was going along with the spirit of the times, whereas at present it rather attempts desperately to go against the general mood.

Glancing backward, one also finds out, though, that this impression is not really accurate, for then too the FDP was engaged in a daredevil maneuver, all alone against the rest, as a tiny opposition against the overpowering grand coalition of the CDU/CSU and SPD and, in addition, under the sword of Damocles of a change in the election law designed to deprive it of its political existence. In other words, in 1968 too its future was by no means as secure as it appears in retrospect.

But the historical parallel is a small consolation for the FDP. Its situation is far more precarious at present. Never before had it been submerged as far under the 5-percent limit, crucial for its survival, as it was after the change in coalition in the fall. And all attempts to get a foothold are under the auspices of the 6 March election date.

As it was, the FDP did not make a bad impression in starting off the year and the election campaign in southwest Germany. First young Baden-Wuerttemberg Chairman Morlok tried to whip the party into a fighting mood by attacking Strauss on the one hand and by charging on the other hand that the SPD was engaging in "legacy hunting" when it claimed to be the guardian of liberalism. Then Dahrenberg revealed to the delegates a panorama of problems and ideas truly abounding in Liberals' challenges and opportunities for survival. After that, in the debates and elections, one could see a party which to everyone's surprise forwent any self-destructive escapades. And finally the Epiphany demonstration proper in the Wuerttemberg State Theater presented it with a full house, a fighting Hans-Dietrich Genscher and, along with it all, the heartening feeling that it was possible after all to grab a hold of the Bundestag election.

But what is this impression worth? Does the meeting of the southwest German FDP signify that the Liberals have found themselves again? The arm-in-arm concord in which the FDP VIP's, with Genscher in the middle, let themselves be cheered on the stage of the Stuttgart Opera House--does it point to a "closing of ranks" within the party which the party needs so urgently after the turbulence and ordeals of the past few months? Is it even possible that the spark of programmatic renewal which Ralf Dahrendorf tried to fling among Baden-Wuerttemberg party members has ignited already.

As regards the latter, there certainly can be no doubt but that the applause, bordering on an ovation, with which the party congress expressed its gratitude for Dahrendorf's address was genuine. But it was meant more for the bearer of hope the shaken party members saw in the person of the professor who had flown from the exalted sphere of international scholarship down into the life of the southwest German Liberal party again; it was meant far less for the pioneer thinker and prophet of as yet untried political border crossings and social openings.

This was clearly apparent from the applause with which the delegates, as it were, placed their stamp of comprehension of Liberal policy on Dahrendorf's excursions into the near and far future. There was applause for the rejection of the "inherited burden" claim which, according to Dahrendorf, "a number of people today would like to sell to the German people," as well

as for his criticism of the coalition debate in which the FDP was being made notorious and the criticism against the parties shutting themselves off. There was also approval of the demand for greater freedom from the state, for the rejection of radical curtailments in the educational sector, for calling into question the continuing payment of wages in the case of illness and for the plea for greater individual contributions. And there was hilarious agreement with the praise for an Italian kind of muddling through and black-market labor with which Dahrendorf sarcastically tried to challenge the economists' imagination. On the other hand there was but sparse support for what constituted the nucleus of his address--his call for the kind of active "liberalism of the future" which above means saying goodbye to the habits and familiarities of our status quo so far. In short, with their approval, the delegates, as it were, transposed Dahrendorf's address into the tangible, reducing it to its practicable elements--while, by and large, not letting themselves be affected by its programmatic overtures.

Therefore, what had the most lasting effect in the Stuttgart Liederhalle, and even more so outside it, was something which had at best been an incidental remark in Dahrendorf's address--that "a period of opposition" would not do the FDP any harm. What Dahrendorf had merely used as an illustration to show how fundamental and how long term, in his opinion, the planned renewal of the FDP had to be, appeared, if measured with the yardstick of political pragmatism, to be a sign of defeatism. It immediately provoked denials ranging from Morlok to former Minister of the Interior Baum. And when Georg Gallus, the top candidate of the Baden-Wuerttemberg FDP in the Bundestag election, crowed with his metal-saw voice, "No victory without a fight, no price without strenuous effort," the FDP found itself again on the crude soil of routine political life.

This soil, however, can stand more stress in the party in the southwest than anywhere else. No Land party has done as well as the one in Baden-Wuerttemberg in getting over the shocks triggered by the change in coalitions in Bonn. Though it too has lost members--about 10 percent of its approximately 8,000 members--one cannot talk of a "wave of departures," says Juergen Morlok. Even its special party congress in Schwaebisch-Hall, where under the shock of the switch the party demanded that Genscher resign, has already been discarded by the FDP as a piece of party history. Almost overcome by this ability of the southwest German Liberals, a delegate exclaimed: "In Schwaebisch-Hall we saw how one divides, and here we see how one becomes welded again."

It did not happen automatically. It is the fruit of the cautious stabilization of the Land party which its Chairman Morlok has been conducting in the past few years. What also pays off here, however, is Morlok's attempt carefully to keep his Land party out of the confrontations in the wake of the change in coalitions. This too was crowned by some success: without becoming doubtful about their position, the Baden-Wuerttemberg delegates on the first day of the party congress cheered the

critics of Genscher and of the switch Uwe Ronneburger, Hildegard Hamm-Bruecher and Gerhart Baum, only to unite at Epiphany in applause for Hans-Dietrich Genescher, Mrs. Adam-Schwaetzer and Wolfgang Mischnick.

But this concord too has its price. What looks at first glance like a departure into a unity of ranks which is rare in the FDP of the Federal Republic turns out to be a retreat at closer scrutiny. Not only in the elections of a Land chairman and the Bundestag candidates list did the traditional element push out the recalcitrants and radical-liberal critics who have been playing a part in determining the FDP image; now the basic character of southwest German Liberalism again clearly stands out in the image presented by the party in Stuttgart--a solid and dialect-based character, rather middle class and self-confident, busily attending to routine politics but far removed from any activism bent on ideas. In fact the damage caused by the switch in coalitions here has only affected the big cities--primarily Stuttgart, which despite the fact that it is traditionally a nuclear Liberal territory did not manage to place any candidate on the Land list. In the country the FDP disaster apparently rather reactivated the old Liberal "now we'll really show them" spirit.

An FDP en route to fallback positions which have maintained the Liberal tradition, way of life and regional self-confidence in the southwest? In the concluding Epiphany session, that old honorable relic of an almost vanished political culture in modern party life, one could in fact sense again the patina of a character which in part is soberly stubborn and in part is typical of notables--the kind of character which has been the mainstay of Liberalism here for generations. But how adequate is this under the present circumstances? Will it be enough to offset the losses which loom in other regions for the FDP on 6 March? Will it be able to lend the necessary infrastructure to the kind of artful-artificial concept of a Liberal party which Ralf Dahrendorf has in mind for the FDP?

What kind of shape the entire FDP is in, it will rather be possible to estimate when the Federal party assembles on 29 and 30 January in Freiburg--the place where the party has set the switches and displayed its symbols for the past 15 years. But there too, the attributes which accompanied its living-up attempt in Stuttgart will hold true--a never quite admitted awareness of operating over an abyss of which no one knows how deeply it has already undermined the Liberals' political possibilities.

8790

CSO: 3620/191

BOELLING ASSESSES FDP CONTRIBUTIONS TO GOVERNMENT

Zurich DIE WELTWOCHEN in German 2 Feb 83 p 3-4

[Article by Klaus Boelling: "An Inability to Grieve"]

[Text] If the German voters send the FDP packing on 6 March at least for the time being, they will be turning their backs on a political party that has turned its back on its one-time action program, adopted in Freiburg, which called for democratization of society and a reform of the capitalist system. It would amount to rejecting a party that places greater emphasis on power than on spiritual innovativeness.

There is a need for liberal thinking in all Western democracies in view of the fact that fears of the emergence of an Orwell-type state are palpably increasing. As for the FRG, there is still room enough for liberal thinkers who courageously come out against the manifold tendencies of state paternalism masquerading as loving kindness.

Of course there are liberal thinkers enough within the ranks of the two major political parties—social democrats and Christian democrats—who sound a warning every time their own political allies make ready to transfer power to the state to which by rights it is not entitled in a socially responsible democratic system. Still, there is a meaningful place for a liberal party intent on dampening the arrogance to which the major adversaries may sometimes be prone.

The present leadership of the FDP, however, can no longer be counted on to provide this watchdog function. If the FDP should be relegated to temporary retirement on 6 March, the FRG will not forfeit its claim to being a democracy. One of the FDP slogans has it that Germany has a need of liberals—which seems to suggest that freedom in political life will come to an end, if the FDP fails to win any seats in the new Bundestag. The fact is that the democratic way of life will not suffer in the least: the FDP has contributed to making the FRG ungovernable over the past few years to a greater extent than its failing to win Bundestag seats would create overall political immobility—as some rather unimaginative observers would have it. The reason why no one will shed tears over an FDP defeat is not first and foremost that the party engaged in the maneuverings which depressed its own voters and led to the downfall of Chancellor Helmut Schmidt. The real disaster hanging over

the FDP and which is virtually inescapable is based on the fact that the party is lacking in liberal substance. The voters tend to reject a product only the packaging of which is still faintly reminiscent of old times but the quality of which has undergone great ups and downs all along.

A Party of Economic Interests

Still, the FDP did hold its party congress in Freiburg in the fall of 1971 at which Karl-Hermann Flach, a thoughtful and courageous journalist, and some of his friends committed some theories to paper which appeared to signal a new departure for organized liberalism. It was an occasion at which Friedrich Naumann—the founding father of German liberalism, whose ideas are still respected today—was rejuvenated, as it were. "The subjects of industrialism must be transformed into the citizens of industrialism," he had said. Democratization of society and the reform of the capitalist system were made part of the program and the liberal demand for the "greatest happiness for the greatest number" was restated. Perhaps these Freiburg postulates should not have been taken literally even then, 10 years ago. The internal as well as sociological structure of the FDP, as it had developed under the leadership of the likes of Bluecher and Kende, was even then contrary to conversion into a modern-age Friedrich Naumann party. But even if only a few of these Freiburg precepts had been implemented by the party leadership, the FRG would surely have benefitted from it. In the 10 years that have elapsed since, only some tracer elements have been visible. The reasoning behind the program which held that "man's liberty and happiness under social liberalism" was not simply a matter of legally guaranteed civil and human rights but of freedoms and rights fulfilled by society as such did not win enough adherents within the ranks of the FDP who would resolutely fight for these principles. Sincere advocates of the Freiburg theses such as Werner Maihofer, Helga Schuchardt, William Borm, Gerhard Baum, Andreas von Schoeler and some others were to discover that the FDP leaders responsible for setting the party's course had never really come to call Flach's ideas their own. They were rather inclined to view these theses as handsome trappings and as deadweight which kept them from participating effectively in the business of governing.

At Freiburg, the FDP said goodbye to its national-liberal heritage and ranged itself, at least for a certain length of time, at the side of the SPD. But these were not the motivations which inspired the party's leading personalities. Because of the concern that the FDP would lose those voters who look to the party to represent their professional or rather economic interests there was an only half-hearted attempt to draw the consequences of the Freiburg program. And if one takes a really close look a decade later at the FDP actions taken alongside SPD chancellors Brandt and Schmidt, one finds that the liberals, generally speaking, put the brakes on or thwarted those programs and initiatives which they should have been promoting according to the Freiburg precepts.

"Leftwing" FDP Politicos Out of Bounds

To be sure, this does not detract from the achievements of those FDP politicians which vigorously supported Ostpolitik—which would not have become a fact without Walter Scheel's help; nor does it detract from the efforts by some FDP members—roundly acclaimed by the SPD as a whole—to counteract the wave of terrorism which shook the foundations of the FRG by instituting a program of legislative "overkill."

The resulting contest between those liberals who wished to introduce the younger generation's view of life and its political ideas into the FDP political mainstream and the successors of Bluecher and Mende who were in truth opposed to agreeing to such a program did not produce the kind of creative tension which would have been desirable both for the party and for political life in the FRG as a whole; which would, in a word, have gone beyond balancing off the contrary positions within the FDP camp.

Thus—long before the socialist-liberal coalition government came to an end, those FDP politicians who had erroneously been labeled "leftwingers" were declared out of bounds; their strength spent on defensive engagements to ward off the leadership dominated by the pragmatists. Even some time prior to 1 October 1982, they were called "crackpots." To the traditionalists, they appeared to be more or less uncritical SPD followers and it was only logical that the man who was and still is minister of economics kept asking the authentically liberal members of his own party to quit the FDP. Some parts of his economic policy credo which he made public during the final stages of the Schmidt government and which served to initiate the divorce proceedings were non-conformist and, one might even say, courageous. To be sure, it was also intended as a projection of the utopian ideas on social policy held by the economics-FDP and as the ultimate call for scrapping the Freiburg program.

No Political Ideas

The new slogan "liberalism instead of socialism" not only smacks of campaign demagoguery on the part of the FDP leadership but also contains a bit of truth—intentional or otherwise. Prior to the FDP switch to the CDU/CSU, an at times dramatic contest had taken place between the reformers pleading for implementation of the Freiburg program and their conservative adversaries. In the meantime, this was supplanted by total resignation and the exodus of the keepers of the Naumann heritage and that of strong-minded Thomas Dehler. These days, it is not polemical to call the FDP the economics-FDP; it happens to be true. It no longer conveys a political perspective which might make it attractive for any but an ever shrinking group of special-interest voters to cast their ballot for this political party in early March.

But even those middle-class voters who feel they have reason to fear Norbert Blum, the new CDU/CSU minister of labor; who, in other words, feel that the CDU/CSU is leaves something to be desired in the field of economic policy, are beginning to realize now that the FDP is no longer in a position to act

as a brake against that wing of the CDU which is seeking the labor vote. The few months since the switch have made it clear to these voters that the FDP leadership has been able to implement fewer of its conservative ideas vis-a-vis the CDU than previously with its SPD coalition partner. Which was something that caused the minister for economics of all people recently to make some melancholy observations.

The controversy about paying back or not paying back the so-called forcible bond issue and the concomitant powerlessness of the FDP lead one to assume that the FDP will be able to do no better than add a handful of ornamental touches to the government policy statement when the coalition talks roll around. But ornamental touches will hardly suffice to win over those potential voters of the FDP who fear a predominance of the two major parties. If Interior Minister Baum had been kept on and supported by the FDP leadership, he might have been able to introduce at least a few elements of liberal philosophy into internal and legal policy. At this stage, one is inclined to doubt that issues such as the embargo on communication between lawyers and clients of theirs being held in investigative custody which both Baum and the SPD opposed merit any serious attention on the part of the FDP leadership any longer.

There was a time when the FDP was trying to make people believe it would under no circumstances be part of a government in which Franz Josef Strauss held a cabinet post. One of the party's deputies, closest and most loyal to the party leader, was heard to say just that not too long ago. The new general secretary, too, wished to show how brave she was. But that is past. For fear of reprisals, the conservative Golem of German political life has been declared off limits by the FDP leader. That, too, has a logic of its own. What are the substantive arguments that an FDP, abandoned by its true liberal contingent, could muster against the CSU chief at this stage of the game? In fact, a harmonious relationship—which had been potentially there all along—has grown up between the minister of economics and the Bavarian minister president. The last remaining anti-Strauss liberals have since been muzzled.

Devoured by Thoughts of Personal Advantage

For another thing, can the German voter really be counted on to be fearful of a foreign policy which would no longer be administered by the FDP chief after 6 March? No one really believes that. To be sure, the FDP foreign minister did make some good and promising starts—which he could have developed further jointly with his SPD coalition partner, if he had not lost heart. There were liberal elements in the South Africa policy he designed. He even continued to stand up for a "code of conduct" despite objections from the industries concerned for a time.

But there was no consistency there; nor in the case of Namibia. For a time, he appeared to be manning the front lines which was disagreeable enough. But when the Americans could not make up their mind to adopt a policy which took account of the SWAPO's interests, the German foreign minister, too, ran out

of steam. And where Peter Carrington succeeded with regard to Zimbabwe, his German counterpart did not. He did not leave an imprint; he did not take risks; he did not get positive results. It was no different with regard to the perfectly sound principle according to which FRG relations with Third World nations would not be governed by narrow East-West considerations. That was supposed to amount to more than our no longer making development aid dependent on those nations' good behavior. The FDP foreign minister seemed intent and ambitious enough to provide even the Americans with a model for a progressive *modus operandi*.

But that was some time ago—and even the most powerful microscope will not help us make out a courageously liberal foreign policy. Other Western democracies may at least publicly deplore the violation of human rights in countries other than those belonging to the East Bloc; our foreign minister, as a staunch liberal, cannot be seen beating on those doors in loud protest. And finally—since a liberal party that wishes to retain its credibility must also under all circumstances be a critical and non-conformist political organization, the FDP foreign minister might well have made an original contribution to the growing disarmament debate throughout the FRG without running the risk of casting the least doubt on FRG allegiance to NATO. Instead, he has elevated the zero option to the level of dogma. In the foreign minister's eyes, anyone voicing doubt in the validity of this concept was highly suspect. On one particular day, he no longer viewed interim solutions in Geneva as inconceivable. But shortly thereafter he went back on what he had just proclaimed as a new insight. And when another day had passed, he returned to the old position under pressure from the new chancellor. And once the new chancellor himself learns to read the signs of the times correctly, the FDP foreign minister will follow suit one more time. Under the circumstances, one can no longer speak of a credibility gap but of a veritable abyss. The party has been devoured by thoughts of gaining temporary advantages as by a long sickness.

Not too long ago, Ralf Dahrendorf, who headed the London School of Economics until recently, advised his party to go into long-term opposition at the Stuttgart Epiphany meeting last month. As the party philosopher he would like to be, that was the best piece of advice he could come up with. Soon thereafter, those who consider holding power more important than political innovation tried to brainwash Dahrendorf. This attempt in itself proves that the FDP is unwilling to exercise the kind of self-criticism necessary for its very survival. The day is drawing near when organized liberalism will be forced to close shop. According to the supply and demand principles the FDP holds dear that indeed makes sense. And if disaster does strike, they will not be able to pin the blame on others. The party cannot stake out a claim for being treated as an underdog meriting pity. The impending verdict on the FDP is not a verdict on a liberal party that has become superfluous; but on a leadership that has nothing to offer—absolutely nothing.

9478

CSG: 3620/215

GREENS' KUHNERT, SPD'S WELTEKE ON HESSE NEGOTIATIONS

West Berlin DIE TAGESZEITUNG in German 21 Jan 83 p 9

[Interview with Jan Kuhnert (Greens) and Ernst Welteke (SPD) by TAZ correspondent Broka: "We Will Continue to Negotiate As We Have Done to Date"]

[Text] Frankfurt--If one can believe Hesse's press, the immediate program against unemployment (the so-called Interim Law) will not receive a majority. Because the negotiators from the Greens and from the SPD cannot agree on the "nuclear problem," the immediate program and thus also the pink-Green flirtation will come to an end. Contrary to these predictions, the Greens signaled their approval on Tuesday. They are demanding, however, the guarantee of additional public negotiations. These talks are to deal with questions concerning the "orientation of Land politics" and Green demands "far-reaching consequences" that were not settled during the negotiations about the Interim Law. Concretely: The topics of armament, energy policies, alternative training facilities and workplaces and the 35-hour-week are to be brought up again. If the Green group approves this approach during the Land meeting which will convene this weekend in Kassel, the (insecure) SPD will have to follow suit.

An interview on the state of affairs with Ernst Welteke, the rightwing-liberal SPD budget expert, and Jan Kuhnert, his Green colleague, follows.

[Question] Herr Kuhnert, from the viewpoint of practical politics, are the results that were achieved during negotiations to this date a sign of success for the Greens?

Kuhnert: We definitely were able to achieve a change in the use of funds, which was the reason why other projects that we had considered became a possibility.

[Question] Which ones?

Kuhnert: One hundred training positions in autonomous alternative plants. And in the area of housing construction we added two new problem groups: the handicapped and the homeless. In other areas--village renewal, for instance--we pushed through Green initiatives.

[Question] With respect to basic questions not much could be done?

Kuhnert: Concerning the item of dying forests, nothing can be accomplished in this area with short-term allocations. A few minor initiatives exist. But, at any rate, there was general agreement that such initiatives should be demanded from the Land government.

[Question] The crucial point is your demand in the energy area (immediate end to additional nuclear energy plans).

Kuhnert: There are provisions which call for actions in the energy area. But the means which are to be used for the support of regenerative energies must not be interpreted in a manner which implies that the remaining energy policy (nuclear energy, the editor) is included. In this respect the SPD reacted with the well-known "as well as." We do not object to the fact that something is done in that area, but the willingness is missing to say that what has been done in past years is wrong.

[Question] Herr Welteke, two nuclear projects are in the planning stage (Biblis C and Borken). Is there not a way that your party can come up with a decision which will not disappoint the conciliatory attitude of the Greens?

Welteke: Such a far-reaching change in existing political positions of the SPD in connection with the construction of power plants presupposes--as a matter of fact--that there would be negotiations about other important points of Hesse's Land politics. We cannot settle such grave political questions in connection with the Interim Law.

The initial demand by the Greens cannot be realized legally or in practice. They are asking the Land government to make a commitment before the adoption of the partial budget plan (Interim Law, the editor), stating that in the future it would only license power plants with 150 megawatts.

[Question] Specifically, what are the implications for Biblis C and Borken?

Welteke: It is quite obvious. Our decisions are tied to the nuclear waste disposal, in other words, the projects will only be approved if the disposal of nuclear waste is guaranteed. Beyond that, it is our opinion that the new DIW findings (German Institute for Economic Research) are to be considered and that the question of demand must be discussed again, and, finally, we have already indicated that necessary changes for Hesse through our so-called "Schlangenbad resolutions" (SPD Land party rally, the editor), which placed greater importance on decentralized energy supplies. Additional changes may be left to the future, they cannot be realized in the Interim Law, as an immediate program.

[Question] One more time, for how long will Biblis C and Borken be placed on ice?

Welteke: It can only be settled by way of an agreement on future Land policies. It also raises another question: Will the Greens go along with a Social-Democratic minister-president and the other decisions necessary for Land politics?

Kuhnert: We found out during the discussions, particularly those dealing with the four points which we proposed as additions to the immediate program, that the SPD only said that it cannot be discussed at all at this time, that it is not an issue which relates to a partial budget law and that a more comprehensive discussion would be required. Evidently it is not enough to agree on a number of mark amounts in various areas, but we must take up and change opposing political orientations. From past talks we drew the conclusion that we cannot conduct another debate like that, for instance, when it comes to the regular budget, spending several months pouring over an SPD proposal which consists of hundreds of pages. For the time being it seems to make more sense to open discussions on political orientations, because it seems more meaningful to talk about mark amounts.

[Question] What are the orientations for Land policies?

Kuhnert: Nuclear energy, nuclear arms, the question of violence and naturally democracy and justice. It has been our experience that Green demands can only be intimated within the framework of budget discussions, which is the reason why we want to talk about essential political points with the SPD after the adoption of the immediate program.

[Question] Herr Welteke, if one visualizes the objections to the Green essentials, one arrives again and again at the formal level. Considering the new proposals by the Greens, will your parliamentary group still be able to pull out?

Welteke: Unfortunately the Greens always present new demands whenever we try to meet them halfway. To be sure, the demand for talks on the orientation of Land policies was not something new, but it was somewhat of a surprise because to date it had not been mentioned in connection with the Interim Law. Of course, as a matter of principle, it presents no problem to talk about such questions. But I really do not know how meaningful it will be to exchange ideas about God and the world and ideological opinions apart from questions that need to be decided from the viewpoint of Land politics and to do that in public....

Kuhnert:The discussion of topics concerning Land politics is to be effective immediately for the discussion of the Land budget. It is not at all something that is removed and beyond the parliamentary debate....

Welteke:Shall I read to you from the proposals to the immediate program and point out the items, about the consequences of which no three of

the nine Green Landtag deputies have a sufficiently substantive overview to enable them to make a responsible decision....

Kuhnert:Why the polemics....

Welteke:The reason is to illustrate the fact that you suggested a few points which are so far-reaching that a need exists to deliberate for a while and to examine the particulars....

Kuhnert:But then you are confirming the fact that the items which were introduced by us must be discussed in connection with other items but not with budget deliberations....

Welteke:Of course, we can do that, we certainly have the opportunity.

[Question] Does that mean that you will accept the offer of the Greens?

Welteke: Well, why do you not relativize the new demands that were made....

[Question] What were the new demands...?

Welteke:By Friday the Social Democratic parliamentary group is to come up with some ideas on the stationing of nuclear weapons, justice and democracy....

Kuhnert:But that was not new....

Welteke:In connection with the Interim Law it was certainly new....

Kuhnert:But it was evident that we want to continue the discussion of these demands which deal with these items and according to repeated statements on your part--from a certain perspective--we were really not so far apart.

Welteke: You are always confusing two levels of the far-reaching demands. There is no problem at all when it comes to continuing the discussion of the proposals--in our opinion they are too far-reaching--in connection with the Interim Law within the framework of the regular budget. But that is an entirely different story and it has nothing to do with your formulation of a new orientation of Land politics.

[Question] Would the SPD reject the Interim Law if the Greens should insist on the guarantee of continuing talks?

Welteke: If the Interim Law is passed with the Greens, we will try to negotiate with the Greens in the same manner when it comes to the 1983 budget.

[Question] What does that mean with respect to the orientation of Land politics according to Herr Kuhnert's formulations?

Welteke: Of course, more negotiations are required in connection with the budget than in connection with the Interim Law. As far as that is concerned, naturally, Herr Kuhnert is right.

VOGEL PICKS CAMPAIGN ADVISERS, CABINET MEMBERS

Hamburg DER SPIEGEL in German 24 Jan 83 p 88-89

[Article: "Trio and Quartet--SPD Candidate for Chancellor Vogel Has Taken Many Veterans From the Schmidt Cabinet Into His Team; After an Election Victory He Also Plans To Have Prominent Land Politicians Come to Bonn"]

[Text] At first Hans-Jochen Vogel had planned to have only a few comrades join his election campaign team, but the longer the SPD candidate for chancellor sounded out important party officials, the more comprehensive his list became.

Now, in accordance with the Social Democratic rules of proportional representation of groupings, this list comprises rightwing and leftwing people, men and women, northern lights and southern luminaries. The candidate appeared more flexible than necessary--another sign of his having changed from a fierce opponent of the Jusos [Young Socialists] of the seventies into a superintegrator of the eighties.

When he made his selection known to the party executive the night of Friday before last, following the Dortmund SPD election congress, the initially planned leadership crew had ballooned into a 14-member assembly of well-known old party professionals and less prominent experts. Of Vogel's announcement that there would be some "surprises", only one remained: there wasn't any for a start. In the event that the Social Democrat will have to form a government after new elections, he will not manage to do so with the Dortmund team alone.

Vogel himself did not appear to be all that happy with his crew. Already during his trip to the United States, in early January, he had decided to forgo the public display of his candidates planned for Dortmund and to have those selected present themselves instead during a reception in Bonn this week. He brushed aside any objections that the delegates to the party congress might feel cheated as a result of his playing his cards close to his chest, saying: "The party will have to put up with it, because I am the candidate now."

At the party congress he made it known time and again that his team must not be regarded as a shadow cabinet. Those who had been nominated were merely among those who had to figure on holding some kind of office if Vogel became chancellor--be it as a minister, an under secretary or adviser, or as a leader in the Bundestag. And those not nominated could also hope for a post--among them Germany politicians Gunter Gaus and Klaus Boelling.

Continuity with Helmut Schmidt, Vogel plans to demonstrate by sticking with former fellow cabinet members. In addition to Schmidt's favorite long time students Hans Apel, Anke Fuchs, Volker Hauff and Manfred Lahnstein, he summoned Juergen Schmude, formerly in the Justice Ministry, and Heinz Westphal, formerly in Labor. Egon Bahr, Horst Ehmke and Hans-Juergen Wischnewski are also among the veterans.

The leftwing in party and parliament is represented by legal expert Herta Daeubler-Gmelin. The conservative comrades are to be kept happy by his calling on Darmstadt Chief Mayor Guenther Metzger, who for years has been organizing a circle of influential SPD rightwingers.

Vogel's advisers include the president of the German Institute for Economic Research in Berlin, Hans-Juergen Krupp, philosopher of science and physicist Klaus Meyer-Abich and Hamburg Senat Director Eva Ruehmke. Following the model of the Hamburg government, the latter is to hold in the Office of the Chancellor a post responsible for women's equality. Meyer-Abich, who opposes any further expansion of nuclear energy, has been pegged for the job of Federal representative for the protection of the environment.

As for economic policy, according to Vogel's plan, above all the trio of Lahnstein, Krupp and Westphal are to take up position. Economist Krupp, who advocates greater commitment by the government in the fight against unemployment, has been earmarked for the job of offsetting Lahnstein's market-economy-oriented ideas.

Hauff, former research and transport minister, according to Vogel's plan, is to lend the SPD the image of an environmental party in the election campaign, with emphasis on measures against acid rain and the dying of forests. Schmude and Herta Daeubler-Gmelin cover interior, legal and aliens policy in Vogel's plan--topics which the comrades hope will turn out to be particularly attractive as far as former FDP voters are concerned.

The greatest difficulties for Vogel concern vacancies in foreign and defense policy. In the very field which was covered convincingly by Brandt and Schmidt, Vogel is in trouble. While the candidate for chancellor has nominated four foreign policy men--Apel, Bahr, Ehmke and Wischnewski--he has not let it be known so far whether he would name one of this quartet foreign minister. The disarmament expert Bahr, he wants to keep around in the Office of the Chancellor, and Ehmke and Apel anyway prefer the leadership of the party in the Bundestag.

Thus only a vague hope remains for the candidate for chancellor. He figures that if the Social Democrats after an SPD victory in the Bundestag elections also receive new backing in the Laender, comrades who are tied to government tasks there will be able to be replaced and transferred to Bonn more easily.

Hamburg's Klaus von Dohnanyi, for example, is Vogel's dream candidate for minister of economics. The former minister of state in the Foreign Office would also be feasible as foreign minister. Similarly Bremen Mayor Hans Koschnik's long-cherished hope to move to the Hardthoehe in Bonn as minister of defense might be fulfilled.

SPD leaders see yet other variants to offset the foreign political deficit in Vogel's Dortmund list. They believe that as many as three former Schmidt ministers would be able to succeed in foreign and defense policy:

--Hans Matthoefer gathered international experience as a minister in development, research and finance. He thinks that "no later than a year and a half from now" his health will allow him to take on a full load.

--Volker Hauff was already called "candidate for chancellor for the later eighties" by Schmidt, while Brandt praised him as a "politician "who can be used in all kinds of ways."

--Manfred Lahnstein made a good impression on the international state, from Brussels to New York, and as chief of the Office of the Chancellor also stood out outside his special field of finance and international currency policy.

Lahnstein in the Foreign Office--that would also suit the comrades for other reasons. In contrast with the situation in the Schmidt cabinet, the SPD no longer would have to argue with a proponent of the market economy in the Finance Ministry about the correct economic course.

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CSO: 3620/205

ELECTION CAMPAIGN POSITIONS, TACTICS OF PARTIES ANALYZED

Socialist Party Has Koivisto Asset

Helsinki HELSINGIN SANOMAT in Finnish 1 Feb 83 p 8

[Article by Erkki Pennanen: "SDP Takes Example from Koivisto and Trusts in Low Profile"]

[Text] It becomes immediately evident from the election statements of the Social Democrats that it is a question of a party that has occupied the position of administering the state. Blue and white colors dominate, and one is hard pressed to find the color red except in the bright red roses. Instead of demanding a change, the election themes are devoted to joint responsibility and to the idea of refraining from promises that cannot be kept.

While the Conservative Party declares in its election campaign that everyone has the right to expect something better, the SDP emphasizes how well things already are in Finland. "Social Democrats represent a channel of communication leading to the will of the people," say the Social Democrats in praising the present situation.

Four years ago after the recession in the middle of the 1970's the election slogan of the Social Democrats was the optimistic promise "Economic Recovery for Finland". This time the profile of the election campaign is low, which is, without a doubt, encouraged by Mauno Koivisto's success in the presidential election campaign a full year ago. It demonstrated that the people do not necessarily want big promises from politicians -- especially when they cannot be kept.

Traditionally, the SDP's slogans have been a growth policy, a social policy, and an income distribution policy. Now the Social Democrats intend to take the risk of coming out and directly stating that there are no new realistic pies that can be divided, promises Party Secretary Erkki Liikanen. Any essential improvement for the benefit of one group is subject to the condition that it will take something away from somewhere else at the same time.

"We have taken stock of ourselves and we are afraid of the people's reactions to continued empty promises," states Liikanen in explaining the party's intended election tactics. "The present economic situation compels us to choose

alternatives. In connection with each new promise we should have the courage to say from where and from whom we are prepared at the same time to take something away."

But will the Social Democrats have the courage to do this? At this point it is too early to answer this question since the party has not yet revealed its own election cards. The actual election campaign is planned to be as short as possible and apparently will be conducted generally along the lines of the example set by Koivisto a year ago.

Full Circle Election Themes

The election themes made public last week did not contain any concrete proposals or promises. The short election theme paper would appear to be suitable for almost any party. The authors of the paper are satisfied with depicting concepts of an abstract nature, which of themselves promote pleasant and ennobling images: "The right to work and develop", "closeness with nature", "attention to children", "peace, security, and international cooperation".

That much the SDP has consented to admit that the points of emphasis in its election campaign are employment, families with children as well as the so-called soft question in addition to the promotion of peace and security. But even an emphasis of these issues implies bargaining somewhere else, admits Liikanen.

Thus the reduction of unemployment can succeed only by making compromises at least temporarily in the area of real wages for those presently employed, admits Liikanen. Also maintaining the present level of social services and social security will be possible only by increasing taxes and/or further increasing the state debt.

It remains to be seen whether the SDP dares to be this straightforward in its election campaign or whether it will be satisfied with ambiguous statements on "a government wage policy" and "the adequacy of taxation", as it has frequently done in the past, instead of talking about a decrease in real wages.

The concept of need consideration for the purpose of keeping social security expenditures within the present framework is not completely foreign to the SDP "if this does not result in an expenditure morass in connection with a larger bureaucracy". The party does not consider that it can give an unambiguous promise regarding the inviolability of present social security as far as those with good incomes are concerned.

The SDP wants to pay special attention to families with children instead of retired people and other population groups. It is considered that their voice is heard less in politics than the voices of other population groups to a great degree for the reason that parents do not have sufficient time to participate in politics.

The Social Democrats state with self-confidence that their problem in the election campaign is not so much a struggle for votes with other parties as

it is for the votes of those citizens who remain passive and apathetic and fail to vote.

How To Take Advantage of the Koivisto Phenomenon

In the recent presidential elections Koivisto succeeded in bringing to life a large group of those passive citizens of whom the Social Democrats would now want to win as many over for themselves as possible. It is admitted in the SDP leadership that they must proceed very cautiously in taking advantage of the Koivisto phenomenon since excessive enthusiasm could easily offend many citizens and could thus become a boomerang.

The Social Democrats received an object lesson of this last November when party leader Kalevi Sorsa forcefully noted that in the forthcoming election struggle the bourgeoisie will attempt to isolate the president's supporters and bring forth dark horses. The statement was rather extensively labelled as an inappropriate attempt to take advantage of Koivisto as an election weapon for the Social Democrats.

It also once again became evident that Sorsa, who has cultivated popularity among the people with statesman-like and paternal traits, continues to arouse considerable irritation outside of the party when he adopts the role of a party politician.

Therefore, it is has been thought that in the present election campaign Sorsa should remain on the winning side in the role of a prime minister and statesman who enjoys international prestige and thus should leave the dictates of party politics to other members of the party leadership. The most visible key names in the election campaign are Pirkko Tyolajarvi, Veikko Helle, Erkki Liikanen, Matti Ahde as well as the female ministers Vappu Taipale and Kaarina Suonio, who can appeal to rather different groups of supporters.

"The Social Democrats are not driving just one horse, but a whole team," stated Liikanen in explaining the party's election tactics.

Many consider that Sorsa has guided the party's course considerably to the right in recent months in wooing Koivisto's bourgeois voters. There is reluctance to admit this at party headquarters, but they are prepared to admit that they are not concerned about a movement of the party's leftwing constituency toward the SKDL [Finnish People's Democratic League] especially in the midst of the present difficulties being experienced by the Communists.

The Social Democrats do not imagine that Koivisto's success will guarantee a landslide victory for the party. Based on opinion polls the party leadership does, however, consider a five to six seat increase or 57--58 MP's to be a realistic election forecast.

The Social Democrats will not fire their first volley in the election campaign until 20 February or a month before the elections. This tactic is familiar from Koivisto's campaign: the party will be able to go into the election

campaign with its proposals without providing its opponents an opportunity too early in the campaign to tear these proposals apart.

Moreover, the Social Democrats believe that they can keep their gunpowder dry until the very end by means of a short election campaign. There does not seem to be sufficient ammunition for a long battle in today's Finnish election campaigns.

Center Party Burdened With Rural Image

Helsinki HELSINGIN SANOMAT in Finnish 4 Feb 83 p 10

[Article by Kalle Heiskanen: "Center Party Platform: Economy, Work, and Security"]

[Text] The Center Party is offering bread and direction in its election campaign. Three main themes are being declared from the mobile units circulating around the country: A restored economy, an end to unemployment, and social security must not be eroded.

Even the Center Party has in recent years had to deal with the most fundamental questions. Former Chairman Johannes Virolainen went into the election campaign 4 years ago with the prediction that in the management of the state budget the path of borrowing is beginning to come to an end. Virolainen also predicted that an additional loan of 3 billion will not be obtained.

To the contrary. While the Center Party's Ahti Pekkala has been Finance Minister of the country, loans have been taken out and obtained in such amounts that it should make the fainthearted shudder. Now the path of additional borrowing is indeed coming to an end. Even the Center Party is advocating a stricter economic policy in its election campaign speeches.

Even after the elections the intent is to keep the responsibility for economic policy in the hands of Ahti Pekkala, who has been given the responsibility of conducting the party's election campaign in the initial weeks of the March elections. Chairman Paavo Vayrynen and Party Secretary Seppo Kaariainen have been even more diligent than Pekkala in visiting villages and towns. The fourth wheel of the Center Party's quartet is Trade and Industry Minister Esko Ollila, who can fly around the country without the ballast of a candidate.

Economic Recovery

According to Party Secretary Seppo Kaariainen the Center Party will promote economic recovery "with a straightforward and unambiguous economic policy". The goal is to protect the activities of small and medium size businesses, in particular.

The Center Party does not promise to eliminate unemployment in 3 months. However, since 1979 guidelines have appeared in the management of affairs as to how to proceed, believes Kaariainen. He wants less prejudice with respect

to the use of new means and methods, for example, the attitude toward the use of domestic energy as an employer is too prejudicial, estimates the party secretary.

Kaariainen uses even more general terms in talking about the funding of social security: "The basic security of the average Finnish citizen cannot be eroded. Excessive benefits, however, must be cut. New steps can no longer be taken in social policy, otherwise it will become overburdened..."

For example, Kaariainen will not consent to discuss the percentage of an increase needed in the sales tax to fund expenditures of the national pension system. "Now it is pointless to discuss numbers," he states in refusing to discuss the size of an increase.

More generalizations: We must be able to prevent an increase in the tax burden. Taxation should be emphasized in an indirect direction. Excessive and conspicuous consumption should be taxed. But not a word about whether trips to the Fiji Islands, slalom skis, or full-length Chinchilla coats will be taxed.

Centralization, Decentralization

In addition to economic and employment elections, it is also a question of an election of ideas in the opinion of the Center Party. It is a question of whether we will centralize or decentralize. The voters must decide between these two ideas.

"Decentralization must encompass all of society, it does not just mean the decentralization of government offices. It is also a time of contemplation for small social units.

"The time for decentralization is better than before even though competitors are still embarrassed to talk about it. They deny their own previous policy, even the Social Democrats have changed their position. But centralization is now being buried."

Kaariainen believes that the decentralization theme will take hold in Southern Finland, the problem area for the Center Party. "Decentralization is to the benefit of Southern Finland. Would there not be a motive in this to vote for the Center Party if more spacious conditions can be created in the south."

Kaariainen considers selfishness, that traditional capitalist selfishness which in his opinion the Conservative Party still represents, to be the worst enemy of decentralization.

The 34-year old secretary of the Center Party believes that the materialist desire is subsiding. "Travelling around the campaign trail one can observe that something is happening in this respect," states Kaariainen.

Save Rural Areas

One of the election themes of the Center Party is "saving rural areas". This operation to save the countryside is based on a revival of roots. Kaariainen describes the above concept in the characteristically colorful Savo dialect: "On terhistaydyttava". This means that the area policy must also be emphasized within the local governments.

Naturally, even the Center Party has an election platform. It is quite similar to the one from 4 years ago. This probably means that much has not been accomplished. However, the 1983 platform is shorter.

The Center Party entered the 1979 elections with an emphasis on the idea that "the basic direction of our society as we move into the 1980's will be determined now". Four years later "we are still faced with a choice of direction in Finland".

1979: "The policy of centralization has turned out to be untenable from the point of view of humanity, nature, and the economy."

1983: "We either allow centralization to continue or we turn social development toward decentralization in the direction of the proximity of man and nature."

Thus the Center Party was forced to admit that its policy did not take hold.

The approach toward employment has been revised in the Center Party's platform in the last 4 years. While it was demanded in the previous platform that "unemployment be eliminated", now the party is more cautious; "major unemployment must be eliminated", is the slogan which was approved together with seven other themes already at the party congress last summer in Rovaniemi.

The other seven directives are: Kekkonen's policy must be steadfastly continued, the countryside must be saved, area differences must be eliminated, the wholesomeness of the environment must be protected, the position of families with children must be improved, small businesses must be stimulated, and democracy must be expanded.

In its campaign slogans the Center Party urges: "Take responsibility for tomorrow -- A green alliance on behalf of life."

The other faction of the green alliance, the Liberal People's Party and member organization of the Center Party, offers "A freedom of choice for the people".

The themes of the Liberal People's Party are not original. An exception is comprised by the slogan "Free communication -- free local radio stations" -- a goal which even Party Secretary Kalevi Viljanen presents for the first time. In the opinion of the Liberal People's Party the establishment of local radio stations and cable television systems should be as free as the establishment of newspapers.

In addition, the Liberal People's Party is demanding additional work, employment for youth, a basic tax reform, increased democracy, and so on. The Liberals are also attempting to get their own share of the wave of populist neo-morality by demanding a change in the development of recent years, of which political appointments and corruption, among other things, are characteristic.

Christian Party Stressing Family, Near East

Helsinki HELSINGIN SANOMAT in Finnish 3 Feb 83 p 6

[Article by Janne Virkkunen: "Christian League Demands National Morality"]

[Text] The Finnish Christian League (SKL) is a party which has talked about morality and its degeneration ever since the establishment of the party. This phenomenon also includes youth violence, drug abuse, drunkenness, and so on.

In addition to other issues, the Christians will once again give primary importance to strengthening the family and family ties in the March parliamentary elections.

In their election platform the Christians are concerned about "the deterioration of basic values in education at home and in the schools". Two-income families have weakened the significance of the home according to the SKL.

"Children and parents have become alienated from one another. The home is no longer a place of togetherness and entertainment, but each individual hurries to find his or her own interests elsewhere. Outside educators, movies, television, and the commercial press as well as the whole entertainment industry frequently offer irresponsible models of behavior," say the Christians in their election platform.

The new party secretary of the Christian League, Jouko Jaaskelainen, states that the party places emphasis on the central position of the family in all its activities.

The Christians emphasize the management of children's affairs in the manner of the other parties. The central importance of the family is also reflected in the party's election slogans.

Under the slogan "Serving Our People Best" is a picture in which the hand of a small child is holding on to a finger of an adult. The shining wedding ring visible on the hand of the adult reminds us of family and marriage.

The Christians want to protect the institution of marriage in legislation also at the expense of open relationships.

Homos and Lesbians To Be Included in Inheritance Laws

Political opponents consider the Christian League to be an intolerant and narrowminded party. This is what it frequently is according to the headlines and texts of the party's chief organ, KRISTITYN VASTUU. Sometimes the texts appeal to people's most primitive instincts.

Recently, KRISTITYN VASTUU described the reform of the inheritance laws presently being compiled in the Justice Ministry with the following headline: "Red Lawmakers' Latest: Inheritance Rights for Lesbians and Homos Supercede Rights of Relatives".

Also the Christians' struggle against the family name law originates from the same spiritual premise.

In fact, for example, the question in the reform of the inheritance laws is that an individual who has taken care of an older person for decades could have the right to that person's inheritance before relatives who have possibly neglected the care of this older person.

The Christian League is also aware of the turn toward the worse in the economic situation, the continuing recession, and the deficit growth in the state economy.

While other parties are building their election platforms on the basis of austerity with respect to income distribution, the Christians are continuing along traditional lines.

Large-scale social reforms are being promised in the Christian platform. A few examples: wages for a person working at home to include a pension and social security, loans to married couples for the establishment of homes, 30-year loans for housing, child subsidy payments until the age of 18, wages for household help to be tax deductible, a shorter work week for parents of small children, additional care facilities for the elderly, additional home services, additional storage of bread grains and other grains.

And what about the funding of these expenditures? The Christians want to balance the state budget by limiting expenditures to the amount of available income. The Christians want to use loans with forethought, for example, for revitalizing the economy during a recession.

Party Secretary Jaaskelainen wants to take the state budget off the shelf. He believes that money can be found if the budget is studied carefully. After some pressure he cites as examples -- party support, unnecessary administration as well as bureaucracy.

However, he remembers to emphasize that the Christians only want to demonstrate the direction of emphasis for new expenditures in the election platform. The accomplishment of such a program would cost billions of markkas.

Jaaskelainen quickly explains his party's economic views. The vocabulary of economic recovery is recited by rote.

The public sector can no longer be increased, families will have to be supported by a tax policy. This would provide room for movement elsewhere on the social side.

An increase in the sales tax is not the only possibility in transferring the emphasis on taxation. A tariff policy could also be used.

Jaaskelainen gives a long answer, indeed, to the question as to whether the Christian League supports a policy of need consideration in social policy. But recent solutions by which rather large maternity benefits have been cut back do not receive the approval of the party secretary.

This was a question of eliminating a benefit already promised and it was directed against family policy, argues Jaaskelainen and thus evades the problem between election propaganda and everyday truth.

Foreign Policy, PLO, and Junnila

Traditionally, the Christians also take advantage of the "services" of the state-owned Finnish Broadcasting Corporation in their election campaigns. Programs from which antireligious sentiments can be found provide good material for propaganda.

Even though the use of the Finnish Broadcasting Corporation has become less in elections as programs have been cut back, Jaaskelainen is of the opinion that it is worthwhile talking about television. "It has such a strong influence."

In 1979 President Urho Kekkonen drove the Christian League to the extreme right. Now the league is finding its way toward the political center.

However, the journey is long. As a remnant of the anti-Kekkonen era the Christian League still holds on to the plank in its platform in which the league promises "to ensure that our country will not be pulled into the front against Israel".

A typical example of this was the manner in which the Christians took advantage of last fall's controversy which involved the invitation extended to PLO leader Yasser Arafat to visit Finland.

God must also not be forgotten with respect to the Christian League. According to the election platform, "Trust in God is the basic support of our people."

According to the Christians, God has the final word to say in history. According to the Christians, God has led the people in various stages of our history and is also the best support in the future.

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CSO: 3617/64

SUPPORT FOR POLITICAL PARTIES EXAMINED AS ELECTION NEARS

Helsinki HELSINGIN SANOMAT in Finnish 6 Feb 83 p 24

[Article by Erkki Pennanen: "Party Support More Stable Since Presidential Elections; Uncertainty As to Whether to Vote Has Increased Since September"]

[Text] Confused by the conventional support patterns of the electoral elections of a year ago and the parties, since the Koivisto phenomenon support for the parties seems to have become more stable at a surprisingly rapid rate. According to a HELSINGIN SANOMAT Gallup poll, especially as far as support for the major parties is concerned, no significant changes can be perceived in comparison with polls conducted last May-June and thereafter.

Support for the Social Democrats (SDP) seems to have leveled off at about 28 percent of the total, at 25 percent for the Conservative Party (KOK) and about 16 percent for the SKDL [Finnish People's Democratic League]. Only as far as the Center Party (KEPU) is concerned does there seem to have been a drop of 1 percentage point from about 18.5 to approximately 17.5 percent.

Minor Changes in the Small Parties

Changes in support for the small parties also give the impression of being minor. Since the chances of errors stemming from the statistical nature of the sample increase with small parties, the same importance should not be attached to apparent differences as when large parties are involved.

Support for the Swedish People's Party (RKP) has remained quite constant at the same 4.5-percent level it was at in previous elections and opinion polls.

Since the presidential elections, support for the Finnish Christian League (SKL) has been in the neighborhood of 3 percent. But now it seems to be slightly higher. It is difficult to judge to what extent the heated debate recently engaged in over the family name law has affected support for the party. At any rate, it has increased the amount of publicity the party has received.

Support figures for the Finnish Rural Party (SMP) have also fluctuated around 3 percent. This time they remained at 2.7 percent. Many observers on the other side, with the rising election fever, see signs of a new "catch-the-thieves" atmosphere which might strengthen support for the SMP in the elections.

The Liberals have for a long time now been going downhill. Last summer the party joined the K&PU as a member organization. In the last HELSINGIN SANOMAT Gallup poll support for the Liberals was measured at a miserable 1 percent, from which level it has now to a certain extent risen. In the year-end government reshuffling, the Liberals' Arne Berner joined the government as minister of foreign trade, which will probably facilitate the heightening of the Liberals' image.

Considering the Liberal-KEPU merger, there are also grounds for counting their support figures together. If we do that, we arrive at a figure of 19 percent, which is a bit less than in the last poll.

The Constitutional People's Party and Kaarlo Pitsinki's new Citizens' Power League do not have any sort of nationwide support. Support for the "Greens," who have also nominated their own candidates for the parliamentary elections, has not yet been polled.

The HELSINGIN SANOMAT Gallup poll is based on interviews conducted between 1 and 19 January. The size of the sample was 1,516, which is larger than the usual interview sample of about 1,000. The sample is considered to represent our country's voting-age population rather well.

The question asked to measure support for the parties was the same one as before: "If parliamentary elections were organized now, which party's candidate would you give your vote to?"

Comparing the poll conducted in January with the two polls of last May-June and September creates the strong impression that support for the major parties in particular and the RKP has become fairly well established. The Gallup pollsters' conclusion is that changes in support produced in connection with the electoral elections have happened fairly rapidly since the elections.

The pollsters do not want to draw any more far-reaching conclusions than that. On the basis of the results, however, we would be inclined to conclude that sizable shifts in support for the major parties in the parliamentary elections would very probably not have any effect on the situation.

The Social Democrats and the KOK have both noticeably increased their support if we base our comparison on the last parliamentary elections in 1979. The Social Democrats got 23.7 percent of the vote at that time and 25.5 percent in the 1980 municipal elections. If elections had been held now, in January, they would probably have gotten 28 percent. The HELSINGIN SANOMAT Gallup poll made no attempt to determine how much Koivisto has affected this recent rise in support.

The increase in support for the KOK has been almost as big since the last parliamentary elections. At that time the party piled up 21.7 percent of the vote and 23 percent in the municipal elections and now, in January, it would have gotten over 25 percent of the vote.

Support for the Left Has Risen

It is interesting to note that the political pollsters say that the combined support for the Social Democrats and the KOK is already clearly over the 50-percent mark. However, this is essentially of no political importance, at least not so far. Moreover, talk of an evolving two-party system is constantly misleading since both the KEPU and the SKDL are still strong parties.

In the opinion of many, the SKDL seems to have recovered surprisingly well from the weak situation it was in during the presidential elections, when the party's presidential candidate garnered only 11 percent of the vote. True, a support figure of 16 percent is clearly under the 18-percent support it had in the last parliamentary elections, but not much under the results obtained in the municipal elections. There was not time enough to include the possible effects of the Lapland district candidate list fracas in this poll.

In the last parliamentary elections the combined support for the Left was 41.8 percent. In the latest poll it is indeed 44.3 percent, but a parliamentary nonsocialist majority appears to be assured during the next election term as well.

Interest in Elections Has Diminished

While party support figures seem to be fairly firm, about a fourth of those interviewed this time either did not want to or could not express their party preference. Moreover, the HELSINGIN SANOMAT Gallup poll indicates that uncertainty over the course of events at the poll booths has grown since the last poll.

Last September 74 percent were "certain" that they would vote and 15 percent that they would "probably" do so. The proportion of voters who were "certain" in the January poll had dropped to 64 percent and those who "probably" would was 20 percent. The pollsters cautious conclusion is that the change is not, without any further consideration, a sign of growing unwillingness to vote, but that it is a sign of increasing uncertainty.

KOK supporters (86 percent) are more certain that they will vote. After them come RKP supporters and the others slightly behind them. The most noticeable decline in certainty as to whether to vote seems to be among SKDL voters, since the proportion of those who are certain has dropped from 88 percent in September to 76 percent in January. As for the KEPU and the SDP, the decline is much smaller.

Percentage of Voters Who Are Certain They Will Vote

<u>Voters who:</u>	<u>HS Gallup Polls</u>	
	<u>Sep 1982</u>	<u>Jan 1983</u>
Would certainly vote	74	64
Would probably vote	15	20
Would probably not vote	3	4
Would certainly not vote	2	3
Could not say	6	9

Party Support Percentagewise

<u>Party</u>	<u>1979 Parliament Elections</u>	<u>1980 Municipal Elections</u>	<u>HS Gallup Jun 1982</u>	<u>HS Gallup Sep 1982</u>	<u>HS Gallup Jan 1983</u>
SDP	23.9	25.5	28.6	27.9	28.1
SKDL	17.9	16.6	16.6	15.6	16.2
Socialist total	41.8	42.1	45.2	43.5	44.3
KOK	21.7	23	24.9	25.7	25.3
KEPU	17.3	18.7	18.7	18.6	17.5
RKP	4.5	4.7	4.3	5	4.5
LKP	3.7	3.2	1	0.9	1.6
SKL	4.8	3.7	3.6	2.9	3.5
SEP	4.6	3	2	3.1	2.7
POP*	1.2	0.5	0.3	0.3	0.6
Others	0.4	1.1	—	—	—
Nonsocialist total	58.2	57.9	54.8	56.5	55.7

* [expansion unknown]

11,466
CSO: 3617/68

SWEDISH PEOPLE'S PARTY SEEKS TO WIDEN APPEAL AMONG FINNS

Helsinki HELSINGIN SANOMAT in Finnish 2 Feb 83 p 9

[Article by Hanna Leinonen: "The Little RKP Offers an Alternative to Those Who Are Fed Up with the Big Parties"]

[Text] The Swedish People's Party (RKP) is riding to the parliamentary elections on the backs of its current ministers. The team is being beefed up into a troika with general manager Jan-Magnus Jansson.

The RKP regards Foreign Affairs Minister Par Stenback's steadfastness and Justice Minister Christoffer Taxell's effectiveness as such great virtues that it can polish the party shield with them as a general Finnish party.

But the RKP is not about to boast loudly and promise a lot either.

In an intensified, tight election campaign with a short film, they are trying to remain tight-lipped, but without promising anything new and without casting off anything old.

The RKP has divided its platform into two parts. With the general part they are attracting chiefly Finnish-speaking citizens who are fed up with the actions of the major parties. The party is trying to provide them with a more sensible alternative than "the populist movements."

With the second part of the platform they are confirming the behavior of their traditional and steadfast bloc of Swedish-speaking voters. They promise to extend their rights.

Just before the last parliamentary elections the RKP was in the opposition for about a year. Through the mouth of chairman Stenback, at that time they demanded a change in a government that was getting nowhere.

But now, represented in the government, the RKP wants to strengthen its position in the future as well. After the elections the party would prefer to see a nonsocialist majority government in which the SDP [Social Democratic Party] would participate.

The RKP condemns as misleading proposals for a popular referendum on the government coalition presented by the Conservative Party since that is precisely what will be voted on in the parliamentary elections.

Party secretary Peter Stenlund says that the RKP is shedding light on Finland's economic situation in the election campaign "in realistic terms." Its objectives have been adjusted to conform to the views of neighboring parties in the centrist executive committee.

"We make no new promises, rather we defend the preservation of current social benefits but do not promise to go along with the cuts that have been briefly suggested by the Conservative Party candidates," Stenlund said.

According to Stenlund, new proposals to improve these benefits through the party would be primarily in the domain of family policy, but implementing them will depend on how big the national economy pie gets to be. "It is the party's duty to tell the nation that the easy life is over," Stenlund said.

According to the party, there are certainly ways of achieving economic recovery, but it did not want to specify what they are. The election platform, however, clearly asserts that the national debt must not be allowed to rise. Ways of preventing additional debt must be found.

All the parties that are getting ready for the elections are afraid of talk of tax hikes. So, according to the RKP's Stenlund too, during the next election term we must try to avoid raising taxes but, if, however, for some reason or other we have to do so, the party feels that taxes on consumer items would be the best path to follow with regard to taxation.

In the opinion of the RKP, the government should economize by exercising tighter control over the screening of budget expenditure items, which would take us a long way without having to dig into social security.

According to Stenlund, it is wrong to even begin to talk about pruning social security. "When you talk about it, there is a tendency to do it as well."

Planning Must Be Regarded As a Right of the Communes

In a way that is typical of the center parties, the RKP has appropriated environmental affairs as a focal point of its election campaign.

According to the RKP, the planning monopoly of the communes should be preserved. The party is surprised by the fact that reform of the construction law has been under consideration for a long time now, but that nothing seems to have happened.

According to Stenlund, the planning monopoly is an effective weapon that makes it possible for people to exert their influence on matters pertaining to their immediate environment.

"Opponents say that projects essential from the standpoint of the society may be sabotaged by the planning monopoly. However, you can always get someone to consent to a project by granting the communes more money in compensation for the project," Stenlund said. According to him, in the case of a deadlock the matter could be regulated by special decree. Decisions of the commune may not be overthrown by government measures.

The third focal point in the RKP platform is to be found in the section on civil liberties. In this section the party's general platform touches on its own program formulated for voters. The RKP is particularly interested in the development of mass communications.

According to party secretary Stenlund, we will be able to adopt new mass communications media as easily as it is to found newspapers.

The RKP urges careful investigation of all proposals that would expand people's opportunities to acquire information. These are of particular interest to the Swedish-speaking population.

According to Stenlund, the party no longer assumes a naive attitude toward the joint Nordic Nordsat proposal that is being considered, but it is seriously looking into the development of Swedish-language television programming. The Tele-X alternative that is under consideration is not very highly rated by the RKP. Education Minister Arvo Salo's (Social Democrat) proposal to participate in Sweden's Tele-X satellite project and reject Finland's Swedish-language coastal area channel does not satisfy the party. In its opinion, it is important to secure a reasonable deadline for the project. There is still no definite information of any kind on the completion of the Tele-X project.

In its election platform 4 years ago, the RKP declared that the interests of the language minority must be protected in an interim administrative reform program. Nothing has changed in these 4 years. Now, however, the party doubts the sense of going through with the whole project even more than before. "The provinces will probably become the dictators of the big cities," Stenlund described his party's fears.

"No one has yet told us what the price of administrative reform will be," said Stenlund, who together with his party is trying to find out what the central administration would unleash if the provincial bureaucracies are expanded.

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CSO: 3617/60

SORSA DISCUSSES ECONOMY, ELECTION CAMPAIGN

Stockholm DAGENS NYHETER in Swedish 28 Jan 83 p 18

[Article by Kaa Eneberg]

[Text] On 11 and 12 February experts from the member nations of the Socialist International will meet in Helsinki. They will work out the details of the much discussed alternative economic strategy to get the crisis-ridden industrialized countries of the Western world back on their feet and save the poor developing countries from total ruin. One of the driving forces behind this meeting was Finland's prime minister, Kalevi Sorsa.

Helsinki, Thursday--"Fortunately, people finally seem to realize that we need a new economic strategy. This idea has gained more acceptance as our difficulties have grown," Finland's prime minister Kalevi Sorsa (Social Democrat) told DAGENS NYHETER.

He added that the political situation in Europe was favorable. More countries have a socialist majority than at the last meeting.

Sorsa recently returned from a Socialist International meeting of party leaders in Paris, where he extended an invitation to the conference of experts in Helsinki. The results of this meeting will be discussed at another meeting of party leaders in Paris next May and then at the OECD (Organization for Economic Cooperation and Development) and at the summit meeting of industrial countries in Williamsburg, United States, later in May.

Sorsa said that Finland long had backed the idea of an alternative economic strategy, but that this concept received little interest at the OECD's meeting of ministers last fall.

"Compared to other industrialized nations, Finland has enjoyed a favorable economic situation, according to the most recent OECD report. But that is not enough. We are facing great difficulties," he said during a conversation in his office in the cabinet office building.

Low Debt

"Finland cannot, cannot afford, and does not even want to continue simply increasing its debt, as many other countries have chosen to do. Take Sweden for example. Other economic stimuli must be found to stop the rising debt."

Finland's foreign debt is small compared to that of Sweden--28 billion marks. But it will rise rapidly if nothing is done to stop the trend. Within 5 years it will be twice as large. Inflation has been held down to 10 percent and the goal for this year is only 8 percent.

"A good example of our failure is that the various sides on the labor market in Finland have not reached a comprehensive agreement. This probably is because these comprehensive agreements always have been based on the traditional idea of growth."

This seemingly quiet party leader and prime minister has shown his people a certain amount of aggressiveness this winter.

Three times during a brief period he showed his anger, although he has chosen in a statesmanlike manner to call it disappointment. The first time was around Christmas, just 3 months before the parliamentary elections on 20 and 21 March, when the communists left the government in protest over increasing military expenditures. New weapons purchases from the Soviet Union were embarrassing to Sorsa, as leader of the Socialist International's disarmament committee.

Next the labor market was the object of his disappointment. Negotiations were discontinued after months of bargaining without reaching an agreement.

"Foolish, absolutely foolish," Sorsa described his most recent headache to DAGENS NYHETER. It involves the suspension of lumber transports to the already hard-pressed forest industry.

Since last Monday no lumber has been transported and the situation is deteriorating daily. Soon the industry will be entirely without raw material and workers will be laid off.

Sorsa has blasted all parties involved in the forest industry.

"You are committing suicide," Sorsa said the other day in a speech that attracted much attention.

A vital portion of the deliveries comes from the Soviet Union and these deliveries also have ceased.

Misery

Kalevi Sorsa stated with concern that Finland could not afford all the misery that only increases the economic pressure. Unemployment continues to rise. It now averages just over 8 percent.

"The strange thing is that this should be the main issue in the election, since it is the country's greatest problem. Unfortunately, however, it seems that people have grown accustomed to high unemployment rates and adjusted to the situation. That is not good."

He said people were tired of everyday problems. He believes that the campaign, which should deal with unemployment, will take up other, more frivolous issues. He laughs at the battle in parliament over the new name legislation that would make women equal to men in choosing their name when they get married.

Sorsa has not lost his sense of humor, even though his problems are growing. He clearly is in a fighting mood and so far he has demonstrated a happy, almost jovial fighting spirit at election rallies. But he also believes in the opinion polls, which point to victory for his Social Democratic Party--which now holds one fourth of the seats in parliament--and for the Conservative Party.

The election has been called a crossroads in Finnish politics, since influential forces are at work to return the Conservative Party, which has not been included in the government for some time, to the coalition.

But the communists, who have long experience in government work, have resolved not to cooperate with the right. The communists and conservatives are irreconcilable and Sorsa is content to point out that his party has resolved not to oppose any party in parliament. Since the reshuffling of the government after Christmas, resulting in Sorsa's "three-B" government as the press calls it, the country has been ruled by the Social Democrats, the Center Party, and the Swedish People's Party.

Sensitive

After the election the prime minister theoretically may face the extremely sensitive choice of the Conservative Party or the communists as coalition partners.

"I will not necessarily be prime minister," Sorsa said spontaneously.

The strange thing about this quick-witted Finnish politician is that he does not want to be prime minister at all.

He turned down the job in 1979 after two terms of office and recommended a better candidate to then president Urho Kekkonen. But this candidate was Mauno Koivisto, who was so successful that Sorsa had to return as prime minister.

This humanist would prefer to concentrate on international work, such as disarmament work in the Socialist International.

There is a good chance, however, that he will return once again after the election, whether he wants to or not.

His famous ability to solve problems and conflicts quickly probably will be needed during this time of crisis.

POLL SHOWS SORSA AS OVERWHELMING FAVORITE FOR PREMIER POST

Helsinki HELSINGIN SANOMAT in Finnish 6 Feb 83 p 12

[Article: "Sorsa Definite Favorite for Prime Minister's Post"]

[Text] According to an opinion poll conducted by MTV's Channel 10 news, SDP Chairman, Prime Minister Kalevi Sorsa, is also the overwhelming favorite for the prime minister's post after the March parliamentary elections.

In a report compiled by Taloustutkimus Oy [Economic Research Company] citizens were asked whom they wanted to be prime minister in the government to be formed after the elections. The results of the poll were published on Saturday.

Sorsa was supported by 25 percent of all the respondents. The popularity of other politicians was perceptibly less. The closest runner-up to the present prime minister was his party comrade Pirkko Tyolajarvi, 10 percent.

After Tyolajarvi the most popular candidate for prime minister was the Center Party's Ahti Pekkala with 7 percent. He was then followed by Harri Holkeri (Conservative), 6 percent, Kalevi Kivisto (People's Democrat), 5, Johannes Virolainen (Center Party), 4, Ilkka Suominen (Conservative) and Paavo Vayrynen (Center Party), 3, and Raimo Ilaskivi (Conservative), 1.

Taloustutkimus offered three candidates as alternatives from each of the four large parties. The SDP's Ulf Sundqvist as well as Jouko Kajanoja and Arvo Aalto of the SKDL [Finnish People's Democratic League] did not receive any support.

Among those who declared themselves to be supporters of leftwing parties Sorsa was the overwhelming favorite, but he shared the number one position together with Ahti Pekkala among those supporting the bourgeois parties. Within the Center Party constituency Pekkala was clearly the favorite over Virolainen and Vayrynen.

Sorsa's number one position was emphasized even more clearly when citizens were asked whom they believe will become the prime minister after the elections.

A full 54 percent of the respondents believed that Sorsa will continue as prime minister. Six percent believed that Pekkala would be chosen as prime minister, 5 percent believed that Virolainen, Vayrynen, or Tyolajarvi will become prime minister, 2 percent believed that Holkeri or Kivisto will become prime minister and 1 percent believed that Ilaskivi, Suominen, or Sundqvist will become prime minister. Aalto and Kajanoja remained without any support.

More than half of the supporters of the nonsocialist parties also believed that the prime minister of the new government will be a Social Democrat. The supporters of all four parties considered Sorsa to be the most probable prime minister.

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CSO: 3617/70

CONSERVATIVE PARTY ENCOURAGED BY CONTINUED GROWTH IN POLLS

Helsinki HELSINGIN SANOMAT in Finnish 6 Feb 83 p 9

[Article by Ritva Remes: "The Conservative Party Is Big and Tender; It Wants to Take Everyone to Its Bosom"]

[Text] The Conservative Party is like a foreign worker in a political wonderland. No matter what the party does, everyone turns against it. A step to the Right or a step to the Left and the giant who is getting fat in his golden cage gets even party member organizations on his neck.

Among other things, this is what has happened when it has demanded explanations of the government, whether the Conservative Party was trying to bring down the government or announcing that it was not trying to bring it down, but seeking discussion of the matter.

The abuse of the Conservative Party has confused voters. During its almost 17 years in the opposition, the Conservative Party has spread like cream of wheat on a vinyl tablecloth.

The Conservative Party uses hardwood for its election posters. With Article 2 of the Constitution resting on a brown background, it proclaims the same thing the Social Democrats do: "In Finland the power of the state belongs to the people." The words: "You have the right," are a Conservative Party addition.

Party secretary Jussi Isotalo explained the abandonment of the traditional blue and white colors:

"The brown background symbolizes the decision-maker's table, for example, in the Council of State's conference room. [Brown] since the table is not really blue."

"I Hear the Stamping of Feet"

The Conservative Party is engaging in the elections with two main issues: a change in the government coalition and the national economy. The party has just presented its ideas on the economy by means of a demand for an explanation from the government.

By the article of the Constitution that appears on its election poster the Conservative Party means that voters have the right to change those in power. The Conservative Party views the SDP [Social Democratic Party] as promoting a different matter, namely, the preservation of power for itself.

"I hear the stamping of feet," Isotalo said. The election of Mauno Koivisto as president roused the Conservative Party to believe that its moment had come.

"If people really want something during an election -- regardless of the basic political composition -- they take it," Isotalo believes.

In Isotalo's opinion, it is pointless to maintain the illusion that anyone would leave the government purely out of good will. He places his trust in the fact that sufficiently large changes in voting results will in the end bring the Conservative Party to its goal.

The Conservative Party seeks to justify this belief in numbers: The party has behind it a fourth of those "who hold political power in Finland."

For years an extension of the government, the Conservative Party is annoyed by the Center Party, which with a share of the vote that is less than a fifth has retained control of almost half the ministerial posts.

"Socialism Is in Hiding"

Fretting over party agreement, the parties have tried to prompt the Conservative Party to show its true colors, conservatism.

According to Isotalo, it is natural for people to become more like one another when their attitudes and living conditions have changed. There are no longer any traces of the class struggle. Party bureaus invent artificial controversies for lack of real ones.

"Conservatism is demanded of the Conservative Party, but the Left is silent on socialism. We don't drunkenly fight what others do not say aloud. Socialism is in hiding and hopefully it will stay there," Isotalo said.

According to Isotalo, differences between the parties will come out into the open in a natural way just before the elections, just as recently happened with the family name law.

It is difficult to count the differences over election issues. The Conservative Party will clearly manage to match the government parties with its election platform. The parties no longer make promises.

The Conservative Party presents its goals for a better life, one's own home, reasonable taxation, a safe environment in which to live and better working conditions just as approximately as the other parties.

At least in principle, the 12-point election platform rests on Conservative premises which, as summarized by Isotalo, are: individualism, enterprise and

creativity. Their opposites are sociocentrism, paternalistic thinking, and a "big-brother-is-watching-over-you" mentality.

For the Little Man

According to Isotalo, there is room for everyone in the Conservative Party's big bosom. The Conservative Party is on the side of the little man.

"Isn't everyone just before an election?"

The Conservative Party is not a rich man's party. According to Isotalo, there are no wealthy people in Finland. At least not enough for them to need their own party.

"Although it is no secret that people who have done well in their lives on the average vote more often for the Conservative Party than for the other parties."

From Ant Hills to Jokes About Suominen

The Conservative Party has worked hard to increase its foreign policy competence.

The ghosts appeared to be receding until, on the occasion of the proclamation of his party's platform, SDP chairman Kalevi Sorsa spoke of the postelection government and his support for the president's foreign policy.

Chairman Ilkka Suominen interpreted the speech as a foreign policy intimidation attempt aimed at the Conservative Party and demanded an explanation. Sorsa did not reply in public, but privately expressed the opinion that the Conservative Party was playing with too serious a matter.

Suominen probably ought to be satisfied. Just before the parliamentary elections 4 years ago, PRAVDA wrote that, if the Conservative Party was accepted as a government party, friendly relations between Finland and the Soviet Union and economic cooperation between the two countries would be endangered.

Right after that, then Prime Minister Sorsa amused an SDP election celebration with an imaginary Conservative Party government ticket and reminded his listeners of the White Terror, the obligation to provide travelers with transportation and ant hills.

The hard times are now over. Genial and plump, Suominen smiled during the page-long statement in which they asked for the latest Suominen joke.

The statement had its effect. They tried to recall Suominen jokes but, since they could not think of any, they made one up.

In a different version, the gist of the joke was summed up as how the Conservative party leader surprises a strange man sharing his conjugal bed. Angry

with her husband, his wife explains: "For a half a year now you've been harping away at me that I have a right to something better."

"You have a right to something better" was the Conservative Party's official starting pistol shot for the elections in the nonsocialist parliament last fall.

11,466
CSO: 3617/68

REPORTAGE ON HEATED EXCHANGES IN PARLIAMENT

Minister Accused of Intemperance

Athens I KATHIMERINI in Greek 29 Jan 83 pp 1, 3

/Article by Kostas Kekis/

/Excerpts/ The mild parliamentary climate that has prevailed in the post-dictatorship parliament, as well as attempts by the parties to maintain it, is in danger of being "torpedoed" through incidents and insults that occurred the night before last. Cause of the incidents was the provocative attitude of Minister of Labor Evan. Giannopoulos who, driven by...."anti-Right fury," described as "apostates or traitors" those deputies who originate from the Center Union area and who are today New Democracy cadres. He also insinuated that the party of the honorable opposition does not belong in the "democratic camp."

These phrases were uttered in parliament after the meeting in Kastri between Prime Minister Papandreu and Mr Averof, ND president, during which the two leaders discussed national problems in a calm and genuine democratic atmosphere.

A blowup of the incident was prevented through the cool stance taken by Mr K. Stefanopoulos, ND parliamentary spokesman who, in a rare parliamentary fashion, avoided answering the minister's "provocations and insults" so as to put an end to the "sad and inadmissible" scene that occurred in parliament.

Also responsible for the incident was Mr Pan. Kritikos, vice president of parliament who was presiding at the time and who did not hasten in time to recommend to the minister of labor not to provoke and maintain a biased position, thus leaving the deputies unprotected to some extent.

Parliamentary observers who commented on the day before yesterday's incidents have noted that if Mr I. Alevras, president of parliament, had been presiding at that time he would not have permitted such inadmissible conditions --and it is a fact that Mr Alevras had many times in the past cut off and reprimanded for their behavior many ministers who are high-ranking party cadres. These same observers consider it certain that Mr Alevras would make behind-the-scenes recommendations to all elements in parliament to behave according to parliamentary customs and duties as described in the parliamentary regulations so that similar incidents might not be repeated in the future.

According to information, Prime Minister A. Papandreou is also engaged in the case and has asked for the parliamentary session's minutes so as to become informed on the matter. Mr Papandreou is opposed to incidents of acrimony that could occur in parliament because they are not constructive for parliamentary work, they delay progress on bills and, most important of all, they leave unpleasant impressions on public opinion. Impressions of another era of parliament that all politicians want to forget.

Insults and Incidents

The incident began when Minister Evangelos Giannopoulos, following his tactics to attack the Right whenever he was incapable of answering questions put to him by deputies of the opposition, made an allusion that at the time of the ERE /National Radical Union/ there were "killings, exiling and murders." ND deputies protested the use of the word "murders." The minister's provocation began at that particular point. He assumed the singular and disputatious attitude of a criminologist --who uses this attitude in courts for the purpose of making an impression.

Expurgation and the Minutes

Mr Stefanopoulos' speech was essentially irreproachable parliamentarily-speaking. Speaking as the ND spokesman, he attempted to calm spirits down by saying that whatever was being said at that time could lead to greater acrimony.

Mr Stefanopoulos also sharply criticized Mr P. Kritikos, vice president of parliament and presiding officer, and charged him with being responsible for the incident, more specifically because of his tolerating the "insulting phrases." He finally suggested that the phrases in dispute be purged from the parliamentary minutes. This proposal was seconded by Mr K. Kappos of the KKE, the parliament presidency, the minister, as well as by the deputies.

Mr K. Kappos

Mr K. Kappos, the KKE spokesman, also assumed a similar position, both calm and in a parliamentary spirit of peaceful dialogue, and requested that an end be put to this personal issue and that "we should no longer have such incidents." He told parliament the following:

"Mr Chairman, permit me to say too that Mr Stefanopoulos once levelled a gross phrase at me --that I considered to be gross. Mrs Synodinou was there and she should remember. However, when I went to see the minutes, these provocative words had been eliminated. In other words, it is not something unusual and I do believe that this is the solution and this is the resolution."

Karamanlis' Implication Condemned

Athens TA NEA in Greek 26 Jan 83 p 5

/Report by G. Fatsis/

/Text/ Yesterday, ND made an effort in parliament to implicate President Karamanlis in a political dispute.

The origin was the reference by Minister of Justice Mangakis that the purification of justice was not accomplished following the overthrow of the junta.

Exploiting this criticism, Mr Mitsotakis observed "You do not have the stature to criticize Mr Karamanlis and his governments for the purification," while he maintained that constitutional acts had been issued for the purification of justice.

Mr Mitsotakis said, "We must now remember who the prime minister of the government was that accomplished this purification, as much as he did. What right does Mr Mangakis have to level such a gross charge?"

Mr Mangakis rebutted by saying, "We respect the person and institution of the president of the republic (whom you do not so respect) but a political history cannot be stricken off."

Addressing ND, Mr Koutsogiorgas observed, "You are the ones who are creating so-called clashes between the president of the republic and the prime minister."

Mr Mitsotakis rebutted these views by stating, "There are high-ranking officers of the armed forces who issued confidential orders praising the dictatorship. We are not saying that they should be retired, but seriously, the period of the dictatorship has come to a close."

He suggested to the government to introduce a special piece of legislation to reexamine the judgement of the purification.

Discussion on EEC Benefits

Athens MESIMVRINI in Greek 27 Jan 83 p 5

/Text/ The flow of foreign currency into our country from the EEC has special favorable repercussions on the balance of payments and more generally-speaking on the economy, to such an extent that the contractual obligations of our country vis-a-vis the community are more than met.

The above statement was made in parliament yesterday by Minister to the Prime Minister Menios Koutsogiorgas who added that, at any rate, the country has a memorandum petition for a special relationship through which the situation will improve to serve the interests of the country.

When the relative discussions between the EEC and the government have been completed and we will see results, then the competent ministers will inform parliament.

The above statement was made during the discussion of a question by Mr K. Loules (KKE) who referred to expenditures being made because of our participation in the EEC.

At this point, the minister said that three-quarters of the shipping expenditures are being covered by the community.

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CSO: 3521/187

LARGE BUT SILENT NUMBERS SEEN WISHING AGREEMENT ON BASES

Paris LE MONDE in French 4 Feb 83 p 4

[Article by Marc Marceau]

[Excerpts] "American bases in Greece only serve the strategic interests of the United States and not those of NATO or Greece," Prime Minister Papandreou affirmed on 2 February. Actually, Greece cedes part of its sovereignty to the United States without receiving anything in return, the prime minister said in substance.

The only justification for maintaining the bases in Greece would be "an important trade-off" with the United States, Papandreou continued, without being more specific. Finally, the prime minister categorically affirmed that "no secret agreement or protocol" would be concluded and that Parliament would be informed of the entire eventual agreement with the United States.

Papandreou termed the present state of operation of the U.S. military installations in Greece "incredible" and a true "capitulation."

With the negotiations on the statute of the U.S. bases in Greece in a decisive phase since October 1982 and arousing heated controversy, Prime Minister Papandreou is seeking a solution that would benefit from a wide national consensus and he made a point of bringing up-to-date the representatives of all Greek political parties.

Prime Minister Papandreou, who inherited this thorny issue from preceding governments, must now act in accordance with his electoral promises--which were too specific--and his party's dogmatic positions, but above all he must take into account both Greek realities and the pressures brought to bear by the communists, who demand the departure of the Americans. Part of the Greek left demands a policy of total disengagement while another believes that maintenance of the U.S. bases is in the country's interest.

Some Greeks believe that given the lack of military and economic power, their country cannot easily follow a policy of genuine national independence. These Greeks, who are numerous but also silent, would wish the kind of agreement on the U.S. bases that would not transform Greece into a protectorate.

Moreover, the decision to close the bases would entail the risk, on a political level, of confronting a number of socialist deputies close to the liberals with a difficult choice.

TEXT OF LAW ON CREATING CIVILIAN POSITIONS FOR KYP

Athens EFIMERIS TIS KYVERNISEOS in Greek No 132, 29 Oct 82 pp 1143-1144

[Text]

PRESIDENTIAL DECREE NO 643

Creation and structure of regular positions for civilian personnel in the Central Intelligence Service [KYP], and their qualifications for appointment to the starting grade.

THE PRESIDENT
OF THE GREEK REPUBLIC

Having in mind:

1. The provisions of:

- a. Article 12, paragraph 1 of Legislative Decree [ND] 380/69;
- b. Article 1 of ND 1029/71;
- c. Article 2 of ND 75/74;
- d. Articles 9, paragraph 5, and 3 paragraph 4 of ND 216/74;
- e. Article 13 of Law 1232/1982.

2. No 11355/12.7.1982 joint decision by the premier and the minister of finance "assigning certain responsibilities to the deputy ministers of finance (EFIMERIS TIS KYVERNISEOS No. 474/1982, Vol. II).

3. No. 1893/12.8.1982 action of the three-member committee of ministers "on approving the creation and filling of personnel positions for KYP."

4. No. 713/1982 opinion of the Council of State on the recommendation of the minister to the premier and the deputy minister of finance;

We have decided:

Article 1

Branch ARL, Electronics

1. Twenty-five (25) regular positions of civilian personnel for the Central Intelligence Service (KYP) in Branch ARL-Electronics are hereby established and they are added to the existing five (5) regular positions of this Branch which were established with automatic transfer from Branch ME under No. 002, 3/7/359478 19/6/79 decision of the minister to the premier (EFIMERIS TIS KYVERNISEOS, No. 573/1979, Vol. II).

2. The above new twenty-five (25) regular positions will have the following grades:

Grades 3-2	positions two (2)
Grades 5-4	" four (4)
Grades 3-6	" nineteen (19)

3. Starting grade is grade 8.

4. Qualifications to the starting grade are:

a. Degree in electronics from a higher level school of Higher Technical Education Centers [KATEE] or equal level schools domestic or foreign.

b. Professional licence or specialization in electronics proven by a 2-year previous service in a public agency or in the armed forces.

c. Knowledge of English or French or German or Italian.

Article 2

Branch MEL, General Analyst

1. Thirty-five (35) regular positions of civilian personnel for the Central Intelligence Service (KYP) in Branch MEL General Analysts are hereby established and they are added to the existing three hundred and three (303) permanent regular positions of this Branch, which are provided by Article 3 of Royal Decree 506/70 (EFIMERIS TIS KYVERNISEOS 162/1970, Vol. I) as amended by Article 1 of Royal Decree 734/71 (EFIMERIS TIS KYVERNISEOS 253/1971, Vol I) and the single article of Presidential Decree 131/1979 (EFIMERIS TIS KYVERNISEOS, 32/1979, Vol. I).

2. The above thirty-five (35) regular positions have the following grades:

Grades 5-4	positions seven (7)
Grades 9-6	" twenty-eight (28)

We assign to the minister to the premier the publication and execution of the present Presidential Decree.

Athens 25 October 1982

The President of the Republic

Konstandinos G. Karamanlis

The Ministers

To the Premier
Agam. Koutsogiorgas

Deputy Minister of Finance
Dim. Tsovolas

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CSO: 3521/170

TEXT OF LAW ON ABOLITION OF THE INDIVIDUAL PREFERENCE VOTE

Athens EFIMERIS TIS KYVERNISEOS in Greek No 136, 17 Nov 82 pp 1173-1175

[Excerpt]

LAW No. 1303

Abolition of the Individual Preference Vote [IPV] "for candidate deputies" and amendment and replacement of the related provisions of the existing legislation on the election of deputies.

THE PRESIDENT
OF THE GREEK REPUBLIC

We hereby ratify and issue the following law enacted by the Chamber of Deputies:

Article 1

1. The election of deputies shall follow the sequence in which their names have been placed on the ballot by the party, or coalition of cooperating parties or independent candidates, and approved by the appropriate court of law. The individual preference vote for candidates, provided by the existing legislation for the election of deputies is hereby abolished.
2. To implement the clauses of the previous paragraph, the related provisions of the existing legislation for the election of deputies are hereby amended or replaced in accordance with the provisions of the following articles of this law.

Article 2

Paragraph 8 of Article 3 of Presidential Decree [PD] 895/1981 is replaced as follows:

"8. Candidates for deputy, who are not elected in accordance with the provisions of this article, are declared as alternates for the deputies of the 'slate for deputies-at-large' of each party or coalition of parties, who are elected and declared as such. If the number of alternate deputies is exhausted, the vacant seats will be filled from the alternate deputies of the party or coalition of parties to which the vacated seats belong, which

were declared elected in the electoral districts of Article 1 of this law, and in which the party or the coalition of parties gained the largest number of valid ballots. Seats vacated during the last year of the parliamentary period are not filled."

Article 3

Article 34 of PD 895/1981 is replaced as follows:

"Article 34

"1. The candidates who are declared in accordance with the previous article, participate in the election either in states or individually.

"2. The slates may be either slates of one party or slates of coalition of several cooperating parties or slates of independents.

"3. No one can participate in more than one slate.

"4. The slate is established with a declaration made, in the case of the slate of one party, by the appropriate organ according to the party's charter, and in the event no such organ exists or is provided for, by the leader of the party or the appointed party representative. In the event of a slate of a coalition of parties, the declaration is made by the appropriate joint organ of the coalition or by the appropriate organs of the parties under their charter, and in the event no such organs exist, or are designated by the leaders of the parties or the appointed representative of the coalition. In the case of a slate of independents, by the candidates composing the slate. In the case of one party slate, the declaration must contain the name of the party and the names of the candidates composing the slate. In the case of the slate for a coalition of parties, it must contain the name of the coalition, the names of the parties composing the coalition, and the names of the candidates. In the case of a slate of independents, the name of the slate and the names of the cooperating independent deputies. The candidates are listed in the declaration according to the sequence established by the party, or the coalition of parties, or the panel of independent candidates.

"5. The presentation of the declaration establishing the slate is made through a court clerk or by evidence to the prosecutor of the Areios Pagos (Cessation Court) at least 16 days before the election day.

"6. Each slate may contain a number of candidates equal to the number of parliamentary seats of each electoral district, increased by one only in the case of districts electing no more than two deputies.

"7. The appointment of a party representative or a representative of a coalition of parties referred to in paragraph 4 of this article is done with a written declaration to the Areios Pagos prosecutor who notifies the president of the court which has jurisdiction for the announcement of the slates."

Article 4

Article 35 of PD 895/1981 is replaced as follows:

"Article 35

"On the fourteenth day before election day the Civil or First Section of Areios Pagos, in a public session will announce the slates as they were declared according to paragraph 4 of the previous article."

Article 5

Paragraph 1 of Article 36 of PD 895/1981 is replaced as follows:

"1. Should a candidate of a party, coalition of parties, or group of independents die after the declaration for the announcement of the slate, those authorized under paragraph 4 of Article 34 to declare the composition of a slate may propose another person to complete the slate. In their proposal they define the sequence of the candidate in the slate, and they must include the data of the proposed candidate and a statement that he accepts the candidacy, as required by paragraphs 1 to 5 of Article 32. The proposal for this candidate must be submitted through a court clerk to the president of the court that has jurisdiction for announcing the slate at least 8 days prior to election day and it must be made known to the prosecutor of Areios Pagos at least 5 days before election day. Beyond these deadlines no other candidate can be proposed."

Article 6

Paragraph 3 of Article 63 of PD 895/1981 is replaced as follows:

"3. The ballots must be in print. Any ballot which is not totally in print is invalid. The printed letters on the ballot must be black."

Article 7

Article 65 of PD 895/1981 is replaced as follows:

"Article 65

"1. In each electoral district, separate ballots are being printed for each slate of deputy candidates for the electoral district as well as for each independent candidate.

"2. The ballots of a party slate contain horizontally from one of the longer sides to the other and in successive separate lines the emblem of the party, its name, and the name of the electoral district for which they are intended. Immediately below are the names of all candidates of the slate, each name separately in the sequence stated in the decision announcing the slate and including the name data referred to in the same decision, with the surname being stated first."

"3. In the ballots of a coalition of parties, the same data and in the same sequence referred to in the previous paragraph are placed in the same sequence, except that between the name of the coalition and that of the electoral district, there will be the names of all parties composing the coalition. Further on, the names of all candidates of the coalition are listed in the manner prescribed in the preceding paragraph.

"4. In the ballots of independent candidates all data listed in paragraph 2 are listed in the same place and same sequence except that instead of the name of a party there will be the designation 'slate of independent candidates.' The emblem of the slate of independents will be printed if it has been declared according to paragraph 4 of Article 37. The names of all candidates are listed, then, in sequence as provided in paragraph 2.

"5. In the ballots of individual candidates there will be written on the same place and same sequence all the data referred to in paragraph 2 except that instead of the name of the party there will be the indication 'sole candidate.' The emblem of the sole candidate is printed if such emblem was declared according to paragraph 4 of Article 37. The name of the candidate is listed below it.

"6. No writing or erasures of marks and names or other data on the ballot is permitted. If such are done they are regarded nonexistent and the ballot remains valid, with the reservation of the provision of paragraph 2 of Article 66."

Article 8

Paragraph 3 of Article 66 of PD 895/1981 is replaced as follows:

"3. Writing a check mark of an individual preference vote next to the name of a candidate or candidates does not make the ballot invalid, with the reservation, however, in this case also of the provision of the preceding paragraph."

Article 9

Paragraph 5 of Article 67 of PD 895/1981 is replaced as follows:

"5. On a blank ballot, the voter writes himself the name of the slate or if the sole candidate of his preference." [see Article 6]

Article 10

Paragraphs 3 and 4 of Article 84 of PD 895/1981 are replaced as follows:

"3. Every valid ballot is numbered as it is taken out of the ballot box and is initialed by the chairman of the supervisory committee or whoever directs its work. Then the number of the ballot is entered in a special list next to the name of the slate or sole candidate being voted on.

"4. As soon as the counting of the ballots is completed, the chairman of the supervisory committee or whoever directs its work, cables or announces in writing by any suitable means the results of the counted ballots immediately and without delay to the nomarch of the electoral district in which the election precinct belongs. This announcement must include:

- "a) The total number of registered voters;
- "b) The total number of ballots cast;
- "c) The number of ballots declared valid;
- "d) The number of invalid ballots; and
- "e) The number of valid ballots received by each slate and each sole candidate."

Article 11

Paragraph 1 of Article 86 of PD 895/1981 is replaced as follows:

"1. After the counting is completed the list of Article 84, paragraph 3 is closed with an affidavit written on it and signed by the chairman and the members of the supervisory committee, the candidates or their representatives. The affidavit refers to the total of valid ballots received by each slate and each sole candidate."

Article 12

Paragraph 1 of Article 87 of PD 895/1981 is replaced as follows:

"1. The supervisory committee and the representative of the judiciary are obligated immediately after the counting is completed to close inside a sack the protocol of the voting, the book of minutes, the list of counting and all other election documents as well as the bundles of ballots arranged according to slates or sole candidates in the sequence they were numbered, and then they seal the sack. The candidates or their representatives are entitled to affix their seal on the sack. The sack is taken by the representative of the judiciary who transfers the sack personally and delivers it to the president of the appropriate First Instance Court under paragraphs 3, 4 and 5 of this article. If traveling to the seat of the court is difficult or expensive, he delivers the sack to the president of the nearest First Instance Court who is required to send it immediately by the safest means to the president of the appropriate First Instance Court."

Article 13

Paragraph 5 of Article 88 of PD 895/1981 is replaced as follows:

"5. The [parliamentary] seats allowed, according to the preceding paragraphs, to each slate are taken by the candidates in the sequence they have been proposed in the declaration of the slate and its announcement by the appropriate court."

Article 14

Paragraph 4 of Article 93 of PD 895/1981 is replaced as follows:

"The alternate candidates are declared as such in the sequence they were proposed in the declaration forming the slate and announced by the appropriate court."

Article 15

Paragraph 3 of Article 94 of PD 895/1981 is replaced as follows:

"3. In the event of runoff elections all the provisions of Sections A and B of the second book of this law, which refer to the proclamation and conduct of elections are applied accordingly. Each slate may contain a number of candidates up to the number of vacated parliamentary seats, increased by one; and if there is only one empty seat, the top candidate of the slate which received the relatively largest number of valid ballots is elected deputy. If the relative plurality was received by a sole candidate, the sole candidate is elected deputy. If the vacated seats are two or more they are given to the slates, or sole candidates, under the appropriate application of the rules regarding the first distribution of seats under paragraphs 3 and 4 of Article 88. In the event after this distribution there are still empty seats left, these are given each to each slate or sole candidate with the relatively largest number of unused ballots. In every instance of a tie vote between two or more slates or sole candidates the appropriate court in a public meeting draws lots. If a slate, in line with the preceding paragraphs, receives two or more seats, the seats are given to the candidates in the sequence they were proposed in the declaration of the slate and its announcement by the appropriate court, and they are declared to be deputies by the appropriate First Instance Court. The same court declares as alternates the remaining candidates of the same slate."

Article 16

The codification in a single text of all provisions of the existing legislation for the election of deputies as modified by this law is permitted under a presidential decree issued on the recommendation of the minister of interior. It is possible, in such a codification, to change the sequence of chapters, articles, paragraphs and sub-paragraphs and the harmonizing of the individual provisions with the necessary phraseological and formal adjustments.

Article 17

The provision of this law will come into effect at the next general parliamentary election, except for Article 16 whose force begins with its publication in the EFIMERIS TIS KYVERNISEOS (GOVERNMENT GAZETTE).

We order the publication of this text in the GOVERNMENT GAZETTE and its implementation as law of the state.

Athens, 16 November 1982

The President of the Republic

Konstandinos G. Karamanlis

The Minister of Interior

Georgios Gennimatas

It was reviewed and sealed
with the Great Seal of the State.

Athens, 17 November 1982

Georgios-Alexandros Mangakis

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CSO: 3521/170

AVEROF SUCCESSION FIELD OPENS IN ND

Athens TA NEA in Greek 21 Jan 83 p 1

/Text/ Averof's statements on the question of the American bases have caused surprise, unhappiness--at various levels--and strong reaction within the New Democracy Party.

Moreover, those who follow carefully the developments taking place for some time now come to the conclusion that the exceptionally pro-American wing of the New Democracy is moving to remove Averof from the party's leadership.

Three items show the extent of the unrest which appears to be escalating:

First: The obvious disapproval of Averof's initiative by a large number of ND deputies.

Second: The displeasure of top personalities of the Right, which is clearly shown by the downgrading of Averof's statement by an afternoon newspaper known for its orientation and its ties with those personalities.

Third: The almost open opposition of "the prospective successors" and others toward the oppositionist "strategy" of Averof and toward the continuing uncertainty concerning his stay or departure from the party leadership.

On the other hand, Averof's inner circle leaked the information that he will try to settle accounts with all those who tried during his absence to undermine his position directly or indirectly (they mention as an illustration the case of Mitsotakis). They add that the leader of the New Democracy when informed that his statement on the Zablocki issue created opposition, decided that upon his return to Athens he would call together the party's Parliamentary Group and raise the question of party leadership.

Thus, the leading ND circles are engaged in "soundings" of deputies designed to "poll" the forces of the various successors as well as on other levels in order to determine the "popularity" of one or two party personalities who reportedly have already been selected for leadership.

In any event, the process for clearing up the Right's intra-party problem has already started and as it appears, Averof's return to Athens will speed up developments.

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CSO: 3521/174

PASOK-KKE UNDERSTANDING MEANS NO IDENTITY OF VIEWS

Athens EXORMISI TIS KYRIAKIS in Greek 15-16 Jan 83 p 4

/Article by Sotiris Kostopoulos: "The Change and KKE: Dilemmas"/

/Excerpt/ The appearance of PASOK on the country's political stage in 1974 coincided with the change of political correlations which was imposed by political circumstances /return of democracy/. The traditional dilemma between "nationally-minded" and "communists" had lost its strength. The Panhellenic Socialist Movement convinced and continued to convince an increasing number of people that it was the only political force capable of pushing the Right out of governmental power which it held for decades. The recognition of this reality which derived from PASOK's popular appeal led a significant number of fighters from the traditional Left to the ranks of the movement. But beyond that, the rapid development of PASOK moved the center of gravity of ideological-political differences and transformed the context of correlation of the political forces and interactions. It was difficult to maintain KKE's position that the basic difference was between the "revolutionary" forces gathered in its ranks and expressed by it on one side and the bourgeois forces and their own particular differences, expressing the principles of the capitalist regime on the other. The socialist position and political practice of PASOK as a political camp did not leave much room for such a view.

The entrenching of the area of the Left was unable to slow down the attraction PASOK as the genuine agent of Change exerted and continues to exert. The attempt to monopolize the socialist identity, the progressive ideology and the consistency--indicative of this was the use of the adjectives "genuine" and "true"--led KKE to the road of rivalry. While PASOK in the entire preelectoral period avoided systematically opening a front against KKE, KKE's attitude was not similar.

KKE's aggressive policy against PASOK continued side by side with the same activity of the rightist leadership. The role played by the partisan self-presentation in charting this tactic was decisive. KKE tried to defend itself against the growing wave in support of PASOK and the Change. It tried to under-value for partisan reasons the strategic significance of the specific electoral fight and to avert the natural electoral polarization common in such cases and under such circumstances. This type of polarization has no relation and must not be confused with the ideological-political polarization which crashes pluralism and alters the essence of democracy, with the polarization which promotes the division of the people.

KKE's Attitude Toward the Government of Change

The assumption of power by PASOK caused, as was expected, a change in the relations of the two parties. Previously, being together in the opposition against the governments of the Right left a lot of room for cooperation at the base and downgraded their differences in some way. Countering the initiatives and movements of the ND obligated in many cases the two parties to walk together from a parallel position to a parallel activity.

For general political reasons related to its strategic options and its conception of National Popular Unity and for special political reasons related to KKE's tendency to haggle and barter at the top, PASOK did not promote and did not favor the systematic structuring and the raising in the level of specific cooperation arrangements. The partisan negotiations, however necessary they may be at times, are unacceptable in replacing the dynamic and the will of the popular movement.

The party of the traditional Left exerted serious pressures for its indirect participation in the exercise of power. For this reason KKE escalated its side attacks against the government's policy, pushing forward its own theses and options on the problems facing the country. The "real change," as KKE likes to call its version of Change, became the measure of comparison and a partisan-political slogan against the PASOK government. The tendency to dictate policy to the government then reached a point that government officials found it necessary to remind them that the government has as much right to govern according to its program and choices and the popular mandate as the opposition has a right to criticize.

The essence of the problem in KKE's attitude is its vacillation between a line dictated by the existing political reality and the given correlation of forces on one side and a line dictated by partisan expediency invested with the ideological predilections of the traditional Left. To the extent that KKE, as a responsible political force, refuses to share the problems facing the government, shows that objectively it cares only about its partisan advantages and has no understanding of the Change, although before the election it appeared to care for the people.

Undoubtedly KKE has the right, like any other party, to hold its own views and on their basis judge a given government. It also has the right to criticize as severely as it wants in words and deeds, if it so wishes. KKE at least as of this moment has not stated that the PASOK government acts in a way that ultimately will harm the people's interests and the change, in which case a confrontational line could be justified. On the contrary, as was shown by the Florakis speech at KKE's Congress, the party favors a line of "constructive opposition" even though such a line faces considerable objections. The future will show if this policy will last and what effects it will have on the actual practice of the party of the traditional Left.

The PASOK government, as the government of all Greeks, has no reason and no policy to exacerbate its relations with the opposition parties. It believes and has taken historic steps to promote national unity, the democratic processes and the autonomous expression of the popular factor. This of course does not

mean in the least that it will accept intrusions which shift and alter its programmatic theses and political choices for the transformation of the institutions and the social structures in the country. It is up to the opposition parties to do their job with a sense of national and political responsibility.

At this point and in conclusion, it must be made clear that a good climate in the relations between PASOK and KKE, a climate of responsible and constructive opposition on its part, does not mean weakening of ideological and political differences nor of the struggle of ideas and political criticism. At the same time, it does not mean a change in the government's course from the people's mandate and the march toward the realization of social change.

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CSO: 3521/174

GOVERNMENT CHANGES FORECAST, MORE TECHNOCRATS IN

Athens MESIMVRINI in Greek 24 Jan 83 p 1

/Text/ Premier A. Papandreou and his "inner circle" in Kastri have decided changes in the leadership of four ministries by promoting new technocrats coming from the party mechanism, replacing two minister-members of the Executive Bureau and mutual transfers to other ministries. These changes are expected to take place in February. It appears that the premier has decided on these changes because of the failure of the ministers he himself had initially selected. Also it is not known if Deputy Foreign Minister Asim. Fotilas will stay in the cabinet or again submit his resignation. The cause for this is Fotilas' recent trip to Egypt and the reactions caused in PASOK's party mechanism by his contacts in Cairo.

According to reliable reports the ministers that will be replaced are:

Minister of Transportation N. Akritidis, Minister of Research and Technology G. Lianis, Minister of Northern Greece V. Intzes, while there are rumors about the removal of another minister who escaped the last "restructuring" at the last moment.

There is also the possibility of removing from the cabinet Minister of Interior Gennimatas and Health and Welfare Minister Pan. Avgerinos, although they may keep their posts in the PASOK Executive Bureau. The time for these two transfers is not known and it will be determined by the internal developments in PASOK which will enable the premier to replace them.

Transfers

In any event, it is considered certain that Minister of Agriculture K. Simitis will be moved to the Ministry of Foreign Affairs especially in view of the 6-month presidency of the EEC by Greece which will start this June. In such a case, Minister of Foreign Affairs G. Kharalambopoulos will be moved to the post of deputy premier, a position coveted also by President of the Chamber of Deputies G. Alevras who has personal ties with Papandreou.

PASOK spokesmen say that the premier has not yet decided on the person of the deputy premier and for this reason his relations with Alevras have "cooled"

somewhat. However, according to the same sources, Papandreou is determined to keep in the government the "delicate" balances in the tendencies which exist today in PASOK.

In this circle of transfer or removals, etc., there may be changes in the directorates of public utility agencies such as banks, the Public Power Corporation, the Organization of Telecommunications, the radio-tv network, etc.

These developments are considered necessary, following the devaluation of the drachma in conjunction with the work done in the last 15 months and the new pace and spirit the government wants to infuse in the entire state mechanism and the major state enterprises whose deficits are increasing daily.

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CSO: 3521/174

VARIOUS SCENARIOS ON BASES EVALUATED

Athens I KATHIMERINI in Greek 16-17 Jan 83 pp 1, 3

/Article by Nikos Emm. Simos: "The Issue on Bases Puts to Test the Relations with U.S."/

/Excerpt/ The development of the Greek-American talks on the bases raises many questions among diplomatic observers in Athens who ponder the real causes of the sudden hardening of positions from both sides and the pessimism that tends to prevail with regard to the success of the negotiations. According to one view this hardening is possibly due to negotiating reasons, in view of the fact that the negotiations are entering their most critical phase. Others, however, see the possibility that the bad development is due to the difficulty the Greek government has in separating the question of the bases from the domestic conditions and influences.

The Level of Aid

It is emphasized that at least as of this moment there is no indication that there are optimistic prospects for an agreement in the Greek-American negotiations. The government wishes to "control" these prospects and has no intention to depart from a specific level of aid which would solve many of its problems. In this scenario the central idea is that if the specific level of aid is achieved the signing of the agreement /bases/ will be made easier, which then will be presented as being particularly favorable compared to what the "Right" would have achieved. In the opposite case, the government will have the possibility to claim serious complications resulting from the dissatisfaction of the Greek positions which will be damaging to the Greek interests. These "complications" will give the government room for maneuvering in the event domestic political developments unfavorable to PASOK and the growing social problems--which the opposition already foresees--will create a reasonable call for national unity. At the same time, the premier will be able to use--according to the opposition--this "complication" in conjunction with the uncertain future of the Greek-American relations, as an important national reason, that he can invoke to the president of the republic, if the development of the economic situation would lead to early election for the renewal of the popular mandate.

"A Domestic Scenario"

This "scenario" seen by opposition circles is strengthened by the government's standard practice to use, when required by circumstances, external uncertainties to resolve domestic problems.

However, the same opposition circles note the dangers from the implementation of such a tactic in the next few months:

a. It is doubtful to what extent the public opinion can be drawn into a new disorientation, following the feeling of insecurity created by the recent contradiction between denials concerning the drachma and the announcement of devaluation. Consequently, the effectiveness of a new maneuver and the possibility for another grace period is limited. Under different conditions the people might have possibly the difficulties in dealing with the domestic problems, by referring the foreign controversies and the government's preoccupation with them.

b. But the use of the foreign issues to cover up the domestic difficulties gains added significance since our country faces not only a confrontation with Turkey but also a race in the defensive armaments sector.

An Unrealistic Policy

Doubts are expressed as to whether the Greek-Turkish conflict affects the policy of the government on the Greek-American relations (to the extent the Greek-Turkish conflict weighs on the question of national security). More specifically, this policy appears to systematically downgrade certain strategic parameters which—with the aid of Turkish propaganda—elevate Turkey among the factors the U.S. uses to protect or expand its interests in the wider area of petroleum. This consideration justifiably leads to the conclusion that the Greek side is in a delicate position, as it seeks the maximum benefit, while at the same time this goal requires a specific policy which the Greek side finds difficult to follow.

By contrast, the country's dispute with the U.S. at a moment when the American interest toward Turkey is intensified while Turkey responds positively to the American demands, can only lead to the strengthening of the "adversary ally."

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CSO: 3521/174

CP CHAIRMAN KLEVEN WANTS COOPERATION WITH SOCIALIST-LEFT

Oslo FRIHETEN in Norwegian 28 Jan 83 p 12

[Article by Harald Syvertsen]

[Text] "It is very positive that the candidate for SV [Socialist-Left Party] leadership, Theo Koritzinsky, supports broad unity on the left. The Norwegian CP for its part is ready to enter into such a broad leftist cooperation," said Norwegian CP chairman Hans I. Kleven.

"I view positively Theo Koritzinsky's proposal for broad unified work in the working class and on the left wing in the broad sense. We in the Norwegian CP have been prepared all along to work for such a unified policy," Norwegian CP chairman Hans I. Kleven said in a comment on the statements the candidate for SV leadership made to FRIHETEN in the last issue. Koritzinsky advocated a concrete and issue-oriented leftist cooperation in which the Norwegian CP has a natural place as cooperating partner.

"The Socialist Election Alliance was one form of this kind of cooperation on the left and, as we know, it should have continued as a cooperative body. The Election Alliance should have been directed toward expanding cooperation, making contacts with other progressive social and political forces both within and outside the labor movement. Viewed against the background of the threat to peace by right-wing forces and the high unemployment in capitalist countries, it is even more important today to achieve broad nonpartisan unity on the left," said Kleven.

Unity of Action in the Labor Movement

"It is especially important to establish unity of action in the labor movement, both in the unions and in the political parties of the labor movement--DNA [Labor Party], SV and the Norwegian CP.

"The concrete forms taken by this cooperation and the level at which it proves possible to cooperate must be determined by the actual developments. These are questions that must be discussed internally and among the parties.

Election Cooperation

"Koritzinsky mentioned another important thing. That is an election cooperation between the workers' parties and unaffiliated voters. Such election cooperation would be a natural and desirable thing--the correct response to the Conservative government and the advance of right-wing forces. And we said so when we made a statement on the election at the last meeting of the national council of the Norwegian CP on 15 October 1982. It is highly regrettable that this kind of election cooperation is not occurring in the municipal elections this fall, but wherever possible on the local level, we should try to set up joint lists of vandidates, for example running joint SV and Norwegian CP candidates.

"I have also noted Koritzinsky's statement about central party resolutions before the next Storting election concerning broad forms of cooperation on the left. This is a very interesting approach with the prospect of moving toward a goal.

Independent Parties Cooperating on Issues

"What Koritzinsky said about the necessity for cooperation to benefit the issues and not an individual party is no less important. Or to quote Koritzinsky's own words: 'A cooperation on the issues by independent groups and parties.'

"I also noted Koritzinsky's statement about the positive experiences he has had in cooperating with Norwegian CP people. And I totally agree with what Koritzinsky says about further cooperation to reshape society in a socialist direction. But this kind of cooperation requires more detailed clarification and specific presentation of several central economic and political questions. Some of these include the matter of forms for state ownership and the issue of economic planning and democratic control," said Hans I. Kleven.

5575

CSO: 3639/66

CP ORGAN ENCOURAGED BY SOCIALIST-LEFT CHAIRMAN'S STANDS

Oslo FRIHETEN in Norwegian 26 Jan 83 p 20

[Interview with Socialist-Left chairman Theo Koritzinsky by Gudmund Dahl]

[Text] The new SV [Socialist-Left Party] chairman wants broad case-by-case cooperation on the left, but he would not accept or reject the idea of joint election lists in the fall.

"What I have said about cooperating with the Labor Party and perhaps with the Liberals and peace, environmental, women's and labor union groups, referred to practical and concrete cooperation on the local level. It goes without saying that the Norwegian CP would also be a natural participant in this type of cooperation. But this must be under the control of the local party groups.

"If local SV groups want to cooperate as early as this year's election, for example by sharing candidate lists with the Norwegian CP, my initial position is neither acceptance nor rejection. I must first know what the conditions and the basis for the cooperation are."

Theo Koritzinsky, the man who will probably be the next SV leader, said this in an interview with FRIHETEN. After the election committee of the party unanimously nominated the former SUF [Socialist Youth League] chairman (!) to succeed Berge Furre as party leader, he has in several interviews advocated closer cooperation in the labor movement as well as in what one might call the left wing in the broadest sense.

Norwegian CP a Natural Participant

And the 41-year-old instructor at Sagene Teachers' College in Oslo and incoming SV leader told FRIHETEN that the Norwegian CP would obviously be a natural partner in this kind of cooperative effort. But he stressed that initially he was talking exclusively about practical cooperation on concrete issues at the local level, in order to try out various forms of cooperation.

Cooperation on Issues

"What to cooperate on must be decided by the local party organizations," Koritzinsky maintained.

"I am skeptical about models that are imposed on the local groups and members by the central leadership. If we can gain cooperative experience on the local level--with AP [Labor Party], the Norwegian CP, the Liberals and the whole left wing in the broad sense--we can see later whether this can lead to central party resolutions before the next Storting election. We must keep the debate alive and evaluate how the cooperation has benefitted the issue--as well as whether it has helped the party.

Election Cooperation This Year?

[Question] What if a local group wished to engage in something like an election cooperation as early as this fall--with the Norwegian CP and independent socialists, for example?

[Answer] I do not know if this is a current move anywhere. If so, I would first have to know the conditions and the basis for such a cooperation. There must be no conditions imposed that bind SV in principle, any conditions must be known to all members and the decision must come as the result of adequate discussions by the members of the local group.

[Question] But you do not reject in principle the idea of groups wanting this kind of cooperation on open terms, following an adequate discussion of the matter?

Good Experiences

[Answer] Let me put it this way. The experience of SV people is that cooperation with the Norwegian CP has gone very well in nonpartisan groups, especially because communists respect the nonpartisan basis. Personally I have hardly ever had better experiences from nonpartisan activity than those I had with Norwegian CP people in the Young Pioneers. Other SV people have had similar good experiences from the peace movement. On the party level, when it comes to joint election lists and the like, I am a little more skeptical. But I will neither reject nor accept the idea at this initial stage. This kind of thing must be evaluated in each individual case.

Combatting Unemployment

[Question] What political objectives--in both the short and the long term--can such a broad leftist cooperation have?

[Answer] To put it briefly, creating a growing majority in support of vital issues. This must involve the "good old" issues, first and foremost the struggle against unemployment. Unemployment is an enormous waste of

our most important resource, our people. It shows how inhuman and stupid the capitalistic system is. Thousands are out of work, while society has thousands of unmet needs.

But I would like to point out that the cooperation must be based on the issues and that it must be between independent groups and parties. It should not be aimed at party unification.

Socialist Perspective

[Question] Should this kind of cooperation have a more strategic goal, something like serving as a process for reshaping society in a socialist direction and limiting the power of the monopolies?

[Answer] Everything we do should be aimed at change, otherwise it will be no more than patch-up work. We want structural reforms with a transfer of power to popularly-elected delegates and organized labor. This means increased municipal and county authority and stronger company democracy, among other things. As you know, there is a discussion going on in SV concerning wage-earner funds, which many say would give the unions and elected delegates more control over capital.

But the more strategic debate is a larger and more fundamental and long-range debate, one to which SV does not give a high priority today, since it dominated the unification process.

Revolutionary and Marxist

[Question] Would you say that SV still is--and should be--a revolutionary Marxist party, as was established during the unification process?

[Answer] Yes, SV is a revolutionary and Marxist party, even though you people in the Norwegian CP do not agree with our view of what that means. But we are revolutionary because we want to turn power conditions upside down. We want working people to own the means of production and to gain control over the development of society. Whether this happens quickly or slowly, with or without violence, is not the main issue. SV is also a party based on Marxism, but Marxism is a theory that is being developed. We are open revisionists.

Not Peace Sectarianism

[Question] Finally, Theo Koritzinsky, you presented SV in a newspaper interview as a natural continuation for activists in the peace movement. Isn't that narrow party egoism?

[Answer] As a party, SV must give a fair and honest account of its stands on the peace movement's demands. It is also a fact that SV is the only party in Storting that consistently and unanimously supports the peace movement and peace demands. But of course SV people in the peace movement should not introduce SV demands or indulge in partisan self-praise.

6578

CSO: 3639/66

DEFENSE MINISTRY DEFENDS PRESTOCKAGE AFTER CP ORGAN CHARGES

Oslo AFTENPOSTEN in Norwegian 19 Jan 83 p 2

[Article by Bjarne Aaberg]

[Text] The time is right to end the debate between me and the editor of the communist newspaper FRIHETEN, Arne Jorgensen, over the defense ministry's press release on prestockage of materiel for a brigade of United States Marines. But let me repeat once more the essence of the issue.

Under the subtitle, "Not Nuclear Weapons," the press release explained that the brigade could not use nuclear weapons because it lacked the necessary support organization to handle nuclear warheads and prepare them for use. FRIHETEN reproduced the paragraph, but deleted the most important sentence. Thus, "Not Nuclear Weapons" became "The Defense Ministry admitted in a press release that nuclear weapons are part of the materiel intended for prestockage" in Arne Jorgensen's presentation of the release.

Jorgensen attempts to wriggle out of this by using his own peculiar concept of the NATO command system. First of all, however, his peculiar interpretation of the command system cannot excuse the manner in which he distorted the contents of the press release. That speaks for itself.

Secondly, Jorgensen totally ignored the fact that the branch of NATO's command system that includes Norway (and, consequently, to which the marine brigade would be subordinated) is dominated by Norwegians and is under the complete control of the Norwegian government. That the marine brigade can be integrated into the command system, along with all the other units in the system, proves the opposite of what Jorgensen claims. It means that the brigade will be fully integrated into the command system, over which Norway has total control.

As far as I am concerned, the debate now is over. Readers of the Norwegian press in general are not so dense that they could not grasp the essence of this matter long ago. It has been useful, however, to have Jorgensen's game brought out into the open.

9336

CSO: 3639/55

BRIEFS

CHRISTIAN PARTY DEBATE OVER COALITION--"I have the impression that most KRF (Christian People's Party) members believe that our party's position on participation in a three-party government must be determined through negotiations--and not on the abortion issue alone," Kjell Magne Bondevik said on a radio show last Saturday. The parliamentary leader of the Christian People's Party said it would be improper or impossible at present to say what position the Christian People's Party would take on the coalition-government issue at its upcoming national convention. He said he believed all along that there was broad support within KRF for the so-called Tonsberg Resolution, which so far has prevented KRF participation in a three-party government. At the same time, Bondevik said it was more difficult to say whether or not it would be right to base all future negotiations with possible coalition partners on the Tonsberg Resolution. Bondevik also was asked to explain why he did not want an open showdown vote at the convention to determine whether he or Kare Kristiansen should be party chairman. Bondevik said, among other things, that he would get off to a poor start as possible KRF chairman if there were a showdown vote. He expressed the hope that the proposed solution--an exchange of roles between himself and Kristiansen--would unite the party. He said that KRF would benefit from having Kare Kristiansen in a prominent position. [Text] [Oslo AFTENPOSTEN in Norwegian 17 Jan 83 p 5] 9336

CSO: 3639/55

PCP CENTRAL COMMITTEE DECLARATION ON UPCOMING ELECTIONS

Lisbon AVANTE in Portuguese 3 Feb 83 p 3

[Text] Statement of the Central Committee of the Portuguese Communist Party (PCP):

With the PCP to Victory in the Forthcoming Elections

For a Democratic Alternative

A plenary meeting of the Central Committee of the Portuguese Communist Party was held on 28 January.

The Central Committee examined the political situation stemming from the resignation of the Democratic Alliance (AD) government, the dissolution of the Assembly of the Republic (AR) and the holding of early general elections, and determined the major guidelines of the activity of the PCP at the present juncture.

The Central Committee considered that in consequence of these great victories of the Portuguese people and the Portugal of April, the basic conditions have been created to definitively oust the AD from power and to insure a democratic turning in Portuguese politics in the coming elections.

1. Favorable and Profound Change of the Political Situation

Examining the development of events, the Central Committee concluded that in December 1982 and January 1983, crowning the heroic struggle of the Portuguese people, a favorable and profound change of the political situation occurred, opening up real prospects for the solution of the crisis, for a democratic alternative, and the consolidation and strengthening of the regime achieved with the April Revolution.

The PCP is fully aware of having made a contribution--in many aspects, a decisive one--together with the working class, the Portuguese people and many other democrats, to the achievement of this change.

2. Victories of Democracies: Six Capital Events

The favorable and profound change of the political situation is reflected in six capital events:

- 1) The resignation of Prime Minister P. Balsemao, president of the Social Democratic Party (PSD) and the consequent fall of the AD government;
- 2) The resignation of Freitas do Amaral, president of the Social Democratic Center Party (CDS), vice prime minister and minister of defense from all political offices;
- 3) The defeat, at least for the present, of the subversive and coupist plan which (having as its axis the revision of the constitution and the national defense law) aimed at assaulting and manipulating the armed forces;
- 4) The disintegration of the AD, which was preparing to monopolize power for many years;
- 5) The failure of the attempt to form a new AD government (with Vitor Crespo);
- 6) The dissolution of the Assembly of the Republic and the holding of the forthcoming early elections.

These events of the first order, represent great victories for the people and democracy and resounding defeats for the counterrevolution.

They set on the short-term agenda the ouster of the AD from power and a democratic alternative to the policy of illegality, abuse of power, misery and national disaster carried out by the AD governments in the last 3 years.

3. To Oust the AD From the Government - a Democratic Imperative

The basic causes that are at the root of all these events—the strength and the prolonged and heroic struggle of the working class, the workers, the democrats; the complete bankruptcy of the AD's policy, from which resulted the aggravation of all national problems; the reduction of the social and political support base and the election defeats of the AD; and the operation and potentialities of the democratic institutions—show that the ouster of the AD from power is an urgent necessity and an essential condition so that the economic, social and political crisis may be overcome.

Similarly, the actions of the AD in the government and in the Assembly of the Republic, even after the dissolution of the Assembly of the Republic had been determined by the president of the republic, confirms the urgency of an impartial caretaker government.

The Central Committee calls attention to the current attitudes and maneuvers on the part of the government, of the parties that comprise it and the social forces that support it, to hamper the normal development of the political situation, the normal operation of the institution, the holding of early election within a short period and democratic conditions for holding them.

One can cite specifically:

- the violation of the limits of its powers as a resigned government and the claiming of "enlarged powers";
- the abusive interpretation of what are the "essential measures for the resolution of urgent questions" and unjustifiable delays in the definition of such measures;
- the claiming of the formation of a new AD government with full powers even before the elections;
- the blackmail of abandonment of official duties;
- the campaigns of threats, blackmail and appeal to antidemocratic solutions of fascist tendencies by big capital, specifically the CIP;
- the rekindling of attacks on the president of the republic, blaming him also for the resignation of the government, which actually left at the request for resignation of the prime minister himself.

These actions fully confirm that the ouster of the AD from the government is an imperative for the continuation of the constitutional process under way for the holding of elections and for the normal operation of the institutions.

4. Essential To Insure the Democratic Nature of the Elections

The dissolution of the Assembly of the Republic and the forthcoming holding of early elections (determined by the president of the republic) represents fully constitutional and institutional, legitimate and justified decisions.

The Central Committee emphasizes, however, that, by themselves, the dissolution of the Assembly of the Republic and the holding of early elections do not suffice to insure a solution to the crisis and a democratic alternative according to the will of the Portuguese people freely expressed.

The importance which the forthcoming elections represent for the present and the future of Portugal require that they be held under truly democratic conditions in order that the genuine expression of the will of the Portuguese people may be insured.

The following are essential:

- respect for the democratic freedoms and the equal rights of all political organizations and all citizens;
- actual pluralism to be instituted as of now in the state-controlled communications media, particularly in television and radio;

- complete prohibition of the use by the government of the powers, resources, organizations and cadres of the state for election and electioneering purposes.

The AD has already shown that it is not in a position nor disposed to insure such democratic conditions for the coming elections.

5. Necessity and Urgency of a Competent Caretaker Government

The immediate formation of a competent caretaker government is essential for five basic reasons:

- to put a quick end to the pursuance of a policy that continues to aggravate all national problems;
- to put a quick end to the abuse of power by the government which, though resigned, goes greatly beyond the "practice of actions strictly necessary to insure the administration of public business" (Art. 189, no 5, of the constitution), as is shown by, among other examples, the brutal price increases, implementation of the sale and dismemberment of nationalized companies, the new, violent usurpation of lands and assets of the UCP-Agrarian Reform Cooperatives, with auctions and defeasance [reservas], and continuation of the use of the most brutal violence to protect illegitimate privileges and interests, as has just occurred in Valongo, where special forces of the Republican National Guard (GNR) shot a worker to death and wounded dozens of others;
- to prevent the manipulation and managing of the principal state-controlled communications media for the purposes of conditioning the opinion of the electorate in behalf of the parties of the AD and the Socialist Party (PS), as has occurred;
- to prevent the powers which the government possesses from being used to destabilize the situation, engage in blackmail to overstep its bounds, create new institutional conflicts and prepare new coups against the regime;
- to put an end to the delaying maneuvers to prevent the holding of elections within a short period and to insure the democratic nature of the elections, inasmuch as the AD in the government has already manifested its complete disregard for legality, for democratic rules and principles.

It is necessary to combat firmly the delaying maneuvers of the AD to postpone and compromise the holding of the elections and thus remain in the government for many months, continuing its malign activity.

The current situation objectively demands the formation of a caretaker government which, contrary to that of the resigned Balsemao government, will respect the constitution, democratic legality and the rights and freedoms of the citizens, will remain within the bounds of its authority, satisfy the pressing demands of the workers and the people, carry out a stabilizing action and insure really democratic conditions for the holding of elections.

The insistence of the PS that the AD government continue until the elections is playing the game of the right, thwarting the favorable development of the situation in the direction of a democratic solution.

It is not the formation of a caretaker government but the continuation of the AD government that is capable of delaying the holding of early elections. The formation of a caretaker government is compatible with the maximum speed in holding the elections.

6. The PCP Proposes: Caretaker Government With All Parties

Examining the necessary characteristics of an impartial caretaker government from this point of view, the Central Committee of the PCP declares itself in favor of the formation, until the elections, of a government composed of representatives of all parties, with a seat in the Assembly of the Republic.

The PCP is ready to assume its responsibilities in such a solution.

7. The AD-Parties Seeking Salvation

The Central Committee hereby calls the attention of the people and of all democrats to the maneuvers of the AD and the parties that comprise it to remain in power even after the predictable defeat in the coming elections.

Being aware that their defeat in the coming elections is practically inevitable, the AD and the parties that comprise it are seeking new party arrangements that will enable them to avoid being driven out of power.

The road to salvation that the AD parties are seeking is an alliance with the PS to constitute or support the government after the elections.

One must underscore the ideas, projects and plans that would open up to reaction the possibility of remaining in power after its election defeat having in view specifically:

- the formation of a supposed government of national salvation or of national consensus with the participation of the PSD, CDS and PS;
- the formation of a government based on the PS-PSD alliance.

Any of these formulas of government alliances and coalition would permit the reactionary forces (with the collaboration of the PS) to remain in power and to continue, basically, the policy followed by the AD in the last 3 years.

8. The Leadership of the PS Is Preparing New Alliances With the Right

The Central Committee once again calls attention to the readiness that is clearly observed in the leadership of the PS to respond favorably to these requests from reaction and to continue its alliances with the right and, thus, once again, at the precise moment of the complete defeat of the reactionary parties, it holds out a life-saver to them.

The agreements of the PS with the AD in the autonomous administrations [autarquias] after the 12 December elections to pick out and arbitrarily oust those elected by the United People's Alliance (APU) (even when the APU has the relative majority or is the second force on the basis of voting) confirm the policy of alliance with the AD followed by the leadership of the PS.

The renewed propaganda by the PS leaders that the party may have an absolute majority and form a government of the PS by itself is pure demagoguery.

That demagoguery is aimed at justifying a government alliance or coalition with the PSD after the election, enlarged or not by the CDS.

The Central Committee considers the statements of the PS leaders particularly enlightening: denying that the PS will make an alliance with the PSD before the elections, they admit that they may conclude it after the elections.

The Central Committee calls attention to the duplicitous and deceitful meaning of the position of the PS. Asserting that it fights the AD, the CDS and the PSD, the PS seeks to win the votes of the workers and of the left so that, once those votes are gained, it can make an alliance and coalition with the PSD, or even with the PSD and the CDS. That is the real essence of the formulas of "advisable enlarged consensus" of which they are already speaking.

The Central Committee underscores that in order to resolve national problems it is necessary that there be not only a formal change of the parties or coalitions that are in power but a profound change of policy.

A coalition of the PS with the PSD or with the PSD and the CDS would not mean a turning but the continuation of a policy that has led the people to misery, the economy to disaster, the national sovereignty to greater dependency, and the democratic regime to imminent danger to its very existence.

In order that in the coming elections the vote may effectively contribute to ousting the AD from the government after the elections and open the way to the policy necessary to emerge from the crisis and strengthen democracy, it is not enough that it be a vote against the AD. It is necessary that it be a vote for the most consistent democratic forces, specifically the PCP and its allies.

9. Two Essential Objectives: Defeat the AD, Strengthen the PCP

The Central Committee carefully considered the significance and importance of the coming legislative elections for the future of the people, the country and the democratic system.

Without prejudice to later in-depth definition of the PCP's guidance for the election, the Central Committee defines as essential objectives to achieve, as of now:

- to put an end to AD (PSD and CDS) majority in the Assembly of the Republic;

- to considerably strengthen the parliamentary representation of the PCP and its allies in order to make possible and determine the formation of a government capable of resolving the national problems.

In order to make a democratic alternative feasible, voting for the PCP and its allies will be as decisive as voting against the AD and the parties that comprise it (PSD and CDS).

10. Strengthening of the PCP in the AR, Essential Condition for a Democratic Alternative

In a situation such as the present one, in which the AD is inexorably doomed to be in the minority in the Assembly of the Republic, the so-called "useful vote" for the PS is without any basis.

The essential thing in order for an AD (PSD and CDS) in the minority to be counterpoised by a democratic majority--the only way to prevent the implementation of the alliance of the PS with the right after the elections--is the considerable strengthening of the PCP.

In the course of several years of government, the parties of the AD and the PS have already shown, separately and together, that not only do they not have a policy in keeping with the Portuguese situation and capable of overcoming the crisis, but they propose a policy that aggravated, aggravates and would inevitably continue to aggravate the living conditions of the people and all the great national problems.

It is the PCP that has presented and presents a consistent policy and the measures capable of solving the national problems and insuring the emergence from the crisis, economic development and improvement of the material and cultural well-being of the Portuguese people.

It is an objective reality that the solution of the problems of the people and the country requires the participation and the effort of the PCP, the workers, the Portuguese people in all basic aspects of national life, as well as in the autonomous administrations, the Assembly of the Republic, and the government.

The Central Committee stresses that the theorizing and propaganda which the reactionary forces, big business and the PS are making about the "national agreement," "consensus," and "social pact, as capable of being the road to a national policy, aim to make the workers pay the price of the crisis, check the struggle of the masses, create illusions and win votes in order to continue the policy of capitalist, agrarian and imperialist restoration under a different facade.

The Central Committee stresses the need to continue untiringly the struggle of the working class and the popular masses in defense of their immediate vital interests, hails the struggling workers and at the same time calls attention to the correct choice of forms of struggle, taking into account the political situation considered as a whole.

To strengthen the positions of the PCP in the Assembly of the Republic represents a central task of the party and the workers and on the achievement of which essentially depends a democratic alternative.

11. To Energize the Party for the Elections

Considering irreversible the process that will lead to the forthcoming holding of elections, the Central Committee is adopting appropriate preparatory measures as of now.

The Central Committee hereby decides:

- 1) To hold meetings of cadres and party organizations in the coming weeks with a view to enlightening the political situation, the tasks and the prospects;
- 2) To propose a meeting with the National Secretariat of the Portuguese Democratic Movement/Democratic Electoral Commission (MDP/CDE) at an early date with a view to examining the problems pertaining to the participation of the two parties in the election in the framework of the United People's Alliance (APU);
- 3) To establish contacts and the possible holding of meetings with the most diverse democratic sectors, including independent democrats;
- 4) The holding in the month of February of enlightenment sessions and rallies on the initiatives of regional, local and sector organizations;
- 5) The convening of a National Party Conference to be held on 5 March for the purpose of in-depth definition and specification of party guidance for the elections and for a democratic alternative;
- 6) The preparation and dissemination of two basic documents to be approved at the National Conference: a Proclamation and a Program, enunciating the policy proposed by the PCP for the solution of the crisis and for economic development.

Without disregarding the most diverse aspects of party activity, underscoring the importance of strengthening party organization, insisting on the need to enlarge and intensify the struggle of the workers and the popular masses in the defense of their vital interests, the Central Committee stresses the extraordinary importance of the coming elections to the Assembly of the Republic and expresses the profound confidence that reaction will be defeated, the PCP will emerge strengthened and the way will be cleared for a democratic alternative.

Events have fully confirmed the assessment of the PCP according to which democracy is stronger than reaction.

The workers, the Portuguese people, Portuguese democracy have inflicted resounding defeats on reaction during the last 2 months.

The essential conditions exist for definitively ousting the AD from power within a relatively short time and insuring the defense, consolidation and continuation of the democratic regime and initiating a new policy capable of resolving the great national problems on the basis of the democratic gains achieved with the April Revolution.

The Central Committee of the Portuguese Communist Party

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CSO: 3542/40

APU MUNICIPAL ELECTION VICTORY

Lisbon DIARIO DE NOTICIAS in Portuguese 17 Jan 83 p 1

Excerpts The United People's Alliance APU won the autarchic elections yesterday in the municipality of Ourique, polling 146 more votes than the PSD Social Democratic Party.

With this victory, the APU was assured of the chairmanship of the Chamber and increased its number of votes as compared with the elections of 12 December, the date on which it won the leadership by a margin of 73 votes over the PSD.

The election, conducted for a second time by order based on a decision of the Court of Appeals of Evora and which yesterday drew approximately 4,500 voters of the parishes of Ourique and Santana da Serra to the polls, took place without incident... The total results of the vote count were as follows: APU 1,192 votes, PSD 956 and PS Socialist Party 42.

Repeated as well yesterday were the municipal elections of Fundao (where the APU challenged the 12 December vote count) and in Tourem, a parish in the municipality of Montalegre (Vila Real), because a tie between the PSD and the PS had been recorded in the final polling of the electorate.

In Fundao, the Democratic Alliance won the elections in the tabulation of the results of the 12 polling places corresponding to the nine parishes, but failed to gain an absolute majority. The APU, which failed by one vote to elect a municipal representative on 12 December, achieved that objective yesterday.

In yesterday's final vote count the AD Democratic Alliance received 7,438 votes, the PS 5,894, the APU 2,187 and the PCTP/MRPP Portuguese Workers Communist Party/Movement for the Reorganization of the Proletariat Party 408.

As compared with the earlier election, the AD and the APU gained 173 and 383 votes respectively, while the PS lost 521 and the PCTP/MRPP 63.

In the elections repeated in Tourem, the PSD polled 69 votes as against 67 for the PS.

8089

CSO: 3542/24

SOCIALISTS ATTEMPT TO MEND FENCES WITH CGTP

Lisbon O JORNAL in Portuguese 21 Jan 83 p 14

/Article by Jose Pedro Castanheira/

/Text/ In the future, Wednesday, 19 January may well be regarded as the landmark of a new phase in relations between the Socialist Party (PS) and the largest labor organization in the country, the CGTP-IN /General Federation of Portuguese Workers/National Intersindical/. The two organizations not only have been seeking to bring to a complete end the era of conflicts which began in 1975 but also have been taking the first steps toward engaging in a reciprocal and regular dialogue for the definite purpose of seeing the eventual return of the socialists to power within a brief amount of time.

In an effort made simultaneously, both the PS and the CGTP formally requested last week that bilateral meetings be held so that they could study together the political crisis and the economic situation. A meeting was then held from 1100 to 1300 hours on Wednesday on Emenda Street.

Taking part in the meeting were the PS general staff officers led by Secretary General Mario Soares and a delegation of the Intersindical executive committee headed by Coordinating Secretary Armando Teixeira da Silva.

The meeting's importance comes simply from the fact that meetings between the PS and the CGTP have been rare. For example, the last meeting took place on 20 April last year. That was a meeting which was little more than a formal exercise and it took place during a period when both parties were not far from the breaking point. Two months before that, and after the general strike of 12 February, the PS had curtly refused Intersindical's invitation to a meeting. And at the beginning of August, the CGTP was not included in the PS's preferred circle of partners in society.

To Institutionalize a Social Dialogue

But the biggest change seen at the 19 January meeting was the peaceable tone of its proceedings. The hatchet, which both sides have consistently brandished since the "hot" years of the revolution, was buried. There was the inauguration of a truce after years of hostility and resentment. At the end of the meeting both socialists and union representatives felt that a new phase in their mutual relations may have begun.

"The creation of a democratic consensus for national recovery for the benefit of the workers" is how the PS's communiqué summed up the spirit of the meeting.

The CGTP, in its turn, spoke of "readiness of the parties for a dialogue" and "of the unity of effort by democratic forces, along with the participation of the workers and never against them."

As a matter of fact, the word "consensus" seems to be the best one to express the attitude shown by the socialists and by the union leaders. A consensus which, as the Intersindical delegation underlined, is not to be confused with "an agreement." But this consensus was achieved through a dialogue on all the questions with which the workers are concerned. And also a consensus which establishes the appropriate institutional framework to create an agency in which employers, union leaders and the government can move on to effective and regular mutual consultations.

As it was agreed upon and emphasized at the PS-CGTP meeting, it is not just a question of impressing the Nation Planning Council of the need to take a different direction or of stimulating the National Council on Incomes and Wages to act. It is a matter of finding a device (a sort of Economic and Social Council) which will make it possible to have national-level as well as sectional discussions on economic and social policies. This will mean refusing to limit the meeting of social participants to those traditionally involved in collective bargaining.

Wage Sacrifices To Be Compensated For

As O JORNAL was able to find out, the CGTP delegation was particularly concerned about the economic situation in the country while in the social sphere also showing a particular sensitiveness regarding the climate of repression and intimidation now present in an increasing number of firms. Intersindical, which accepted in principle a tripartite dialogue, will have to face these questions as an integral part of the future government.

The necessity for sacrifices insofar as wages are concerned in order to overcome the economic crisis was recognized in principle by the women workers' union which will have to conduct a promotional campaign after having obtained sufficient guarantees from counterparts in other areas like office work, professional training, health, housing and transportation. Finally, the CGTP-IN seemed interested in regarding its relations with the future government in a different spirit and in a new way.

Giving Up Special Relations With the UGT

Since the PS has revealed its intention, if it comes into power, of not treating the CGTP in a hostile manner or as an adversary, but of recognizing it as an organization with the social importance it undeniably possesses, this new position would therefore mean that the PS would have to stop granting the UGT the privileged place in the party's relations with labor unions, changing that position so as to consider the UGT on an equal level with other unions.

Mario Soares, who capably led the socialist delegation, emphasized the role played by the CGTP in the workers' struggle and therefore in the downfall of the Democratic Alliance. The permanent committee of the PS also informed the union leaders about a plan to work out a serious reformist policy based on active participation by the partners in society.

At the end of this top-level meeting, it was agreed to foster new meetings, but on a sectional level. Assigned to coordinate these for the socialists' side was Mario Nunes da Silva, adviser to Soares for union affairs.

The PS will soon have a lot of meetings with the rest of its social partners. A meeting with the UGT, planned for last Tuesday /18 January/, was finally adjourned because the top socialist leader had to attend the State Council meeting instead.

The Intersindical, for its part, began its round of "democratic parties" on Monday /17 January/ with the MDP-CDE /Portuguese Democratic Movement/Democratic Electoral Commission/. On that occasion Jose Manuel Tengarrinha emphasized "the identity of viewpoints regarding a democratic alternative."

9972

CSO: 3542/16

UGT'S OPEN LETTER OFFERS RECONCILIATION WITH CGTP

Lisbon O JORNAL in Portuguese 21 Jan 83 p 15

/Text/ "We are approaching another First of May since the tragic events that occurred in the city of Porto, and one might assume that we can now put those controversies and additional differences behind us and thereby change the next world Workers Day into the first step toward seeking unity of action, which we must then continue to enhance, between our organizations, a step possible and desirable." This appeal, which Torres Couto has characterized as "a historical challenge" appears in an open letter from the UGT /General Labor Union/ secretary general sent to the secretariat of the CGTP-IN /General Federal of Portuguese Workers/National Intersindical/ and to which O JORNAL first gained access.

"Your lack of response to all the official letters and other correspondence we have sent you leads me, at this time, to communicate with you by means of this open letter," the document written by Torres Couto begins. He explains his initiative at this time by pointing to "this moment so serious for democracy and for the future of Portuguese workers in view of the political, economic, social and cultural crisis into which recent AD /Democratic Alliance/ governments have thrust us."

"The relations between our organizations," Torres Couto writes, "and the reciprocal aggressiveness, many times exaggerated, which has been expressed by both parties toward each other, can perhaps be employed as tactical objectives either by one or the other labor union; but this aggressiveness does not serve to defend the rights and interests of the working class which is the reason for our existence."

Recognizing that more than one union exists at the present time, the letter also recognizes the advantages which would accrue from organizational unity, but refuses to consider the present situation as a "catastrophe." And the writer explains, "We do not have to be in agreement on everything...but rather on basic matters like when we are engaged in drawing up a framework for defending the democratic regime; then none of us can vacillate in our obligation to find solutions and means for conducting a common struggle."

"Why This Fratricidal Struggle?"

"We have differences, but we do exist. Both the CGTP-IN and the UGT are very much alive and that fact is irreversible," Torres Couto states. "To engage in 'ostrich' politics may perhaps interest some partisan politicians and forces and will certainly be of interest to the most backward employers in our country, but this would always be to the detriment of the workers."

The best known labor union leader of the PS, in referring to the pluralism situation existing in our countries and to the recent statements the secretary general of the ILO made to O JORNAL, has just asked the CGTP "Why then do we continue this fratricidal struggle? Why do we continue to behave like we are enemies?"

For Torres Couto, "the deep crisis which we are now experiencing, the constant degradation of the living conditions of our members, the increase in unemployment, hunger and misery and the dangerous "funneling off" of Portuguese democracy require our responsible and patriotic efforts to see that an end is put to this situation in a way so that liberty, democracy and the hope won on 25 April /1974/ can be safeguarded and so that the unforgettable revelries and excesses of 1 May 1974 never be repeated."

"Defense of Democracy Obliges Us to Do That"

In this context Torres Couto proposed to the CGTP secretariat that the two organizations hold a joint meeting on this coming First of May. "Nine years after the liberating dawn which the heroic leaders presented to the Portuguese people, now at a time when Portuguese democracy is running risks, it is fundamental that an answer be given to demonstrate to those who intend to take the country back to the dark past of the mid-century, that the Portuguese workers and the labor unions, in spite of their changes in fortune along the way, are capable of recovering from 1 May 1974. And I meant and mean by that, with everyone shouting but with everyone at the same time side by side as we were on that memorable day: '25 April forever.'"

"This is a historical challenge which falls on each one of us," Torres Couto concluded, "a challenge which, if not met, will compromise our future as workers and free men, and will amount to a sort of complicity for those who do not take up the challenge."

"We will recover, then, comrades from the First of May 1974. The defense of democratic Portugal obliges us to do that," affirms the open letter by Torres Couto who proposes that the two organizations begin "right now to prepare together for the First of May 1983 which can be and should be the First of May for all the workers."

9972

CSO: 3542/16

PS' GAMA: WE WILL BE PEOPLE'S PARTY, NOT CLASS PARTY

Lisbon EXPRESSO in Portuguese 22 Jan 83 p 6

/Report on interview with Jaime Gama by EXPRESSO (Joao Avillez, Miguel Almeida Fernandes and Nuno Pacheco); date not specified, at lunch at the Pabe/

/Excerpts/ "The next elections will be the regime's last big chance. If the PS /Socialist Party/ is unsuccessful in modifying the situation in the coming elections, I would feel that, collectively, we have lost our political option. I would take it as a total failure and would not accept an offer to continue in any managerial post."

Jaime Gama, our luncheon guest in the Pabe. A speech well thought out, intelligent, with a moderation one would not expect in a party (PS) spokesman who is fighting for the breakup of the AR /Assembly of the Republic/ and for new elections but who is perfectly admissible as a party manager in a time of change.

Quietly, in a tone of voice demanding silence to make it barely audible, Jaime Gama strove, in the short time he spent with us, to be, above all, the herald of a new PS, open, social-democratic, liberal, national, everything. A PS with a place for all who, disillusioned by other party structures, accept the idea of finding themselves again in a humanism so eclectic and informal that, without any conflict with other options (which have become secondary), can say: "we belong to the PS," with no feeling that they belong to a semi-radical party--at least in words. Then comes the promised moderation of a party that stubbornly sets itself up as the greatest national political organization. Will it turn out that way?

"Our next party program"--we are told by Jaime Gama, who directs the committee charged with reviewing the PS program--"will consist of only between 30 and 40 pages, with no reference to the proposals of individual sectors such as education, transportation etc. In this program, there will be an attempt to systematize democratic socialism for the 20th century, based on the deep-seated roots in our nation of values on the European scale, in accordance with historical experience. We are going to signalize only the break with liberalism on the one hand, and with Marxism-Leninism and communism on the other, and to recover the whole thematic range of autonomy, of solidarity, of the role of man."

We had already spoken a few moments earlier of the State Council, of the crisis, of the Democratic Alliance. With the same calm, Gama had expressed his opinions, still with the air of a man who is putting his thoughts in order. Now, however, the PS was topic number one of our conversation. This was justifiable, however, if we take into account the recent bombastic statements of the socialists to the effect that they were ready to go to the government, or that, in 24 hours they would create an executive power 24 times better than that of the AD. The Socialist Party's alternative is a strong one: is it a credible one?

"I think that, in spite of everything else, the Socialist Party governments were the least bad and the least demagogic..." We look at Jaime Gama with a certain measure of disbelief. In our opinion, the PS will not be able to return to the government on its own, and for obvious reasons."

"The PS Will Not Make Minority Governments"

"The PS will not make minority governments. Do not think that the PS will go to the government to sign, alone, the agreements with the FMI /International Monetary Fund/ which no one wanted to do."

"Is a PS/PSD /Social Democratic Party/ alliance possible?" we ask.

"It is still too early to talk about that. First, it is necessary to see whether the PSD is breaking off from the AD and with the idea of favoring alliances with the CDS /Social Democratic Center Party/. And whether it is disposed to make a clear option for being a political force dedicated to the socialization of the risks of national recovery."

In the meantime, although he would prefer to reserve his opinion with regard to a PS/PSD alliance for an opportune moment, Gama does not hesitate to say: "I think that the PS and the PSD are the most Portuguese parties in Portugal."

"The most Portuguese? Why?"

"Because they are the very mirror of the nation," he affirms with conviction.

"A National and Nationalist Party"

We return to the subject of the PS and its remodeling in the near future. Jaime Gama seems extremely interested in the topic, even swelling with pride about the matter.

"In this remodeling of the program, the PS will cease to put up class and social obstacles in the way of involvement in and binding obligations to the party. It will not be defined as a party representing a social class, but rather as a party of all the people. It can encompass psychoanalysis or existentialism, whatever it might choose...but the assumption of definite basic values will be what will unite the socialists. At bottom, it is a matter of reordering the political orientation of the Portuguese by ringing the PS with a great mass of public opinion..."

To gain ground in the area of the PSD, to throw a large part of the support base to the Eanist Party, should the latter come to the point of organizing in conformity with predictions--these will perhaps be the premises of the PS. We did not even need to say this to Jaime Gama. What he said clearly had this meaning:

"It is anti-Italianization," he exclaimed. "We are betting on national solidarity above all. The PS will be set up as a national and, to a certain degree, a nationalist party. And confident in the ambitious project, he added: "We are convinced that we can do much better than the PSOE /Spanish Socialist Workers Party/ of the PSF /French Socialist Party/ in the matter of a program."

"But what has happened to the PS as a Marxist party?"

"The PS never was a Marxist party in its political practice. However, it is important to state that, if socialism emerges in the 20th century as a socialism of negativity, it can today no longer be a "poor wretch" project, but rather one of social solidarity. Our change of program is moving in this direction..."

Joint Management as an Alternative

Obviously, subsequent to the changes in program, the PS will have alternatives on the government level. In simple terms, it will keep these for its Conventions and they will be definitely withdrawn from the basic program. On the labor level, for example, the PS will move to defend what Gama designates for us as "a new enterprise concept." At bottom, it is a question of joint management on an equal basis, since the PS regards self-management, worker control and management control as "ideological myths." This joint management system, according to Jaime Gama, would have "to be applied at once to public enterprises and gradually to private ones."

We look at our interlocutor with his calm and confident air and a question comes to mind: "Is Gama the tough guy of the PS?"

"No. You have the wrong idea in this regard...There are many people who confuse being simply pleasant and open to conversation with patting oneself on the back, chatting at ease in comfortable armchairs, the whole thing leading nowhere. I admit that there are people like that, capable of great fiestas of embraces and kisses..."

"But how about the internal differences in the PS?"

"As far as I am concerned, what is important is the internal unification of the PS. To accomplish this, it was necessary that the internal diversity of the party be maintained on the basis of an agreement. The PS must be a modern social-democratic party and not a big fiesta..."

Too Much Political Intrigue

"There is too much political intrigue in Portugal," Gama added, certain that "Portuguese citizens have a term contract with the democratic regime..." For this reason, he stated--as reported at the beginning of this text--that "the next elections are the last big chance of the regime."

"Are there any alternatives?"

"The alternative is to govern well instead of granting interviews and making speeches..."

To Regain the State's Prestige

"What sort of alternative will there be in case the PS fails in its plans to reenter the state apparatus?" (Gama had already spoken on this point before, but we broach the subject again).

"The political alternative to a regime in which we fail is a regime in which the EXPRESSO is not published," Gama assures us.

His words were like an inscription on stone. "We have to admit you are in prime form," we remark. Gama smiles: "I'm no longer at an age to play with politics any more."

"The PS Wants a Dialogue With the PC /Communist Party/"

The conversation goes on. There is still no prime minister in the PS despite our curiosity and all the noise being made by the socialist leaders about the speed with which they should be returning to power: "The PS has not yet said who will be its candidate for the post of prime minister, I am not about to lie to you."

However, for the PS--quoting Jaime Gama--there is one established point: "There are no governments for national salvation under a democratic regime..." And the socialist change is going to be carried out with this presupposition taken into account. "In the next elections, the PS is going to conduct a campaign to tone down all its aggressiveness..."

For now, and in spite of its not considering any alliances with the communists, the PS, while it aspires to be "the party of all the people," will not hold them in contempt. "The PS wants a dialogue with the PC," Jaime Gama tell us. "In my opinion, the way in which the PC has been attacked in Portugal has only strengthened it..."

Intersindical, for example, cannot be characterized as a social partner, since it has a real established footing in the nation.

8089

CSO: 3542/24

BRIEFS

NEW AZORES APPOINTMENTS--The president of the Regional Government of the Azores announced yesterday the replacement of Gomes dos Santos as secretary of finance. An official note from the office of the president of the government reports that Alvaro Damaso, now secretary of labor, will replace Gomes dos Santos, who has been relieved of his former duties at his own request. Alvaro Damaso will also continue in charge of national planning. The official note announces as well the appointment of Nunes Liberato, now undersecretary of planning and European integration, as assistant regional secretary for European integration of foreign coordination. The document likewise announces the appointment of Octaviano Mota as regional secretary of labor to replace Alvaro Damaso. /Text/ /Lisbon DIARIO DE NOTICIAS in Portuguese 14 Jan p 3/ 8089

CSO: 3542/24

BASQUE PEACE EFFORT STYMIED BY HB INTRANSIGENCE

Madrid YA in Spanish 90 Jan 83 p 33

[Text] The opening remarks for this convocation of the tripartite meeting--PSOE [Spanish Socialist Workers Party], PNV [Basque Nationalist Party], HB--which will attempt to reach peace in the Basque nation, came to a new standstill yesterday as a consequence of the position and demands agreed upon by the national committee of the "abertzale" coalition, which met in Bilbao. In a press release made public at the last minute yesterday, HB [Herri Batasuna] reiterated the "necessity" that negotiations be open and that the content of the KAS alternative be the basis for talks. In view of the latest agreement by the independent coalition, Basque government president, Carlos Garaicoechea, stated that "so long as I do not see any seriousness in Herri Batasuna, I, at least, will not convene the negotiations committee."

The president of the Basque autonomous executive office said that the content of the press release sent by Herri Batasuna, following the meeting that took place yesterday in the Vizcayan capital by the national coalition committee, had surprised him. In this meeting HB made an appraisal of the talks that are going on with PSOE and PNV representatives. At the conclusion of the meeting, HB made public a press release in which it was said that "the role of HB in this committee is that of mediator for a future negotiation. The HB national committee," the release says, "has been timely informed of the process followed up to now in these talks and has evaluated positively the initiatives as well as the positions that spokesmen for HB have adopted. Besides turning out that HB considers it necessary that the meeting be public and that the KAS [Patriotic Socialist Coordination] alternative be the basis for talks, the release points out that they have been like interlocutors for negotiations as representatives of HB, Inaki Esnaola, Itziar Aizpurua and Jokin Gorostidi.

The communique likewise states "that HB's presence responds to a position of responsibility for solving the Basque problem and finding a deserving and democratic way out."

"Lendakara!" Garaicoechea's reply to Herri Batasuna's proposal for demands was made quite rapidly. The Basque government president said he had not yet got a direct communique from Herri Batasuna and he is hopeful of keeping some contact with HB in order to get broader information about the present stance of the Basque independent coalition.

In any event, Garaicoechea's position seems well enough defined. "It does not seem to be a non-serious press release," the 'lendakari' emphasized, making a special point in stating precisely that, as of this moment, and until a redefinition of the position by HB is not forthcoming, "I will not convene the negotiations committee."

Carlos Garaicoechea stressed that it does not seem feasible to him, on the one hand, that it be decided to continue negotiations and, on the other, that preconditions be set. In any case, the Basque government president did not wish to promote possible steps to become effective until an official confirmation was forthcoming on the stance taken by Herri Batasuna.

In the press release made public by the "abertzale" coalition, "some manifestations by socialist leaders for their centralist interpretation of Spanish unity and the uncompromising criteria on Navarra is also being looked negatively upon."

9908

CSO: 3548/146

LEONESE INTEGRATION INTO CASTILLIAN ENTITY PROTESTED

Madrid YA in Spanish 30 Jan 83 p 34

[Article by Correspondent Inigo Dominguez]

[Text] Leon—Nearly 20,000 persons took part late yesterday in this capital in a demonstration of Leonese nature and against union with Castille on the autonomous map. It was the largest gathering of this kind in the province in memory.

The demonstration which left the central square in Guzman at 5 pm was headed up by a big poster which read: "For Leonese Autonomy." At its front were the chairman of the delegation of deputies, Julio Cesar Rodrigo de Santiago; the mayor of the city, Juan Morano Masa; AP deputy, Jose Maria Suarez Gonzalez; AP's first vice president, Jose Eguiagaray; directors of the Bierzo Party, of the Pro Burgos Cabeza and Defense of Castille board, and from the Regionalist Party of the Leonese Nation (PREPAL), promoter of the demonstration among others.

The gathering which had been called together "without regard to ideologies" went off without incident. The demonstrators carried numerous flags and posters. The most outstanding messages in the latter were as follows: "The Leonese Nation salutes Castille with the wish of achieving for our respective peoples their separate regional identity"; "Leon and its former kingdom are asking for a real change"; "Autonomy for Leon alone"; "Let those who want to put us on Castillian soil stop talking nonsense," et cetera.

On arrival at San Francisco park, the point where the demonstration was to end, Francisco Iglesias Carreño, secretary of PREPAL, spoke. In his speech he said, among other things, that "we Leonese are the big losers in the autonomous process. We're the only people who have been denied recognition of their individual characteristics, the only people who have been gagged without giving them the chance to talk, the only people on whom provinces have been grafted that are not theirs."

He later added, "this large group that we have here is the first and most urgent response of the Leonese people to those who have approved the statute for autonomy in the body of Congress, who say it is from Castille and Leon. Let no one be fooled; they have probably approved the congressional statute.

They will approve it even in the Senate. But, we Leonese do not shirk our duties for unadulterated bureaucratic formalities. Leonese identity and Leonesism are above these things and above those who, arrogating unto themselves legitimate representation, use it to cancel us out." Finally, he asked calling for a referendum to detach Leon from the Castillian-Leonese entity.

Later on, in a brief speech, Jose Maria Suarez Gonzalez, the AP deputy from Leon, defender of Leon's position on the floor of Congress in which the Leon and Castille autonomy statute was approved, who emphasized the fact that there was a large number of Leonese who proclaimed their Leonese feeling and separateness from Castille without regard for ideologies. "It is a fact that does us honor," he said, "and ought to be kept in mind." At the end of both speeches the demonstrators cheered Leon, Spain and the king.

9908

CSO: 3548/146

TOKER ON STAGES IN PREPARATION OF POLITICAL PARTIES LAW

Istanbul MILLIYET in Turkish 16 Jan 83 p 8

[Article by Metin Toker: "Parties"]

[Text] This column is my answer to the reader who asked why I had not written about the political parties law.

Preparations for the Constitution showed that endeavors of this kind go through three stages.

1. Nonserious stage: The period during which the Constitutional Committee is to produce a rough draft. At this stage, everyone is tossing around opinions, the eccentric committee chairman first and foremost, and none of them is important or even sensible enough to bear either repeating or discussion. The proper attitude is to take nothing seriously, thereby avoiding contribution to the lack of seriousness. This stage is where the most time is wasted and it ends in a great flurry of writing out a text, not even in correct Turkish, and sending it to the Consultative Assembly general session. It is the kind of text in which one committee may be referred to by several different names.
2. Semiserious stage: The period during which the Consultative Assembly is to convert the rough draft into a bill. It does absolutely no good at this stage to introduce certain generalities. They do influence the general session and certain groups will strive to rid the draft of the most glaring errors in light of them, but the general assembly has its factions and most of them have to do with the vestments of future political life. Such speculation has grown deeper and stronger since the days of constitutional preparations. The bill is intended to establish a system, but, as the real power resides in the National Security Council, in the last analysis it is here that it will be decided what is to be put in practice, that is, the framework of the political life to come.
3. Serious stage: The bill takes the form of law in the National Security Council. This stage is the time when serious thoughts on the parties law should be expressed. There are three major reasons for this. First, the National Security Council takes its work seriously and is open to serious suggestions, views and ideas that would be put forward for convincing reasons, it is not afflicted by any complexes and, even if certain biases should exist, has the temperament appropriate to discussing them. Second, when the bill reaches the National

Security Council, it is a concrete text and concrete discussion of it is possible. Third is the power problem. Dialogue with the National Security Council is the only dialogue in all these stages that avoids the sense of beating the air. However, certain surprises in this forum of power should no longer confound anyone. Proof of this is the provisional articles of the Constitution. The dialogue will be considered productive to the extent that it allows the National Security Council to avoid mistakes.

Approval of the Constitution by as high a margin as 91.3 percent may lead one to believe that the matters which some consider mistakes were not deemed mistakes by the public.

That is wrong.

Ismet Pasha would have said, "The successful conclusion of an adventure does not alter the fact that it is an adventure. It simply makes it a successful adventure." It is likewise possible to say that the failure to extract immediate payment of the penalty for a mistake does not alter the fact that it is a mistake. It simply makes it a mistake for which the penalty will have to be paid later. Prudence lies in committing as few errors of this kind as possible and taking measures as soon as possible to ensure that the penalty for those committed will be minimal.

Even though it would be appropriate to expect the nonserious period for expressing ideas on the parties law to come to an end, one cannot but see that the general outlines of future political life are taking shape slowly. The magnitude of the chances felt for a "central party" in the initial period is perceptibly causing growing concern to those who want political life to remain polarized. The current attempt to attach a "state party" label to such a party is proof of this. The potential successors to the former JP are especially agitated, because a large part of their rank and file would be the ones switching to that party. Anxiety over such a "central party" for a social democratic party is naturally less. But the "fortuitous central party" with the haphazard attempt now in progress in multifarious circles to weave the network for it, not to mention its politically discredited founders, is hardly a spontaneous party.

Since we will not know until the parties law comes out of the National Security Council who will be sitting at the table and what cards they will be holding, the guys who end up standing around with wet feet will wish they had remembered the Turkish proverb, "Don't roll your pants' legs too high until you see the creek."

8349

CSO: 3554/135

FOREIGN POLICY DEVELOPMENT SEEN PARALLELED BY CHINA

Istanbul GUNAYDIN in Turkish 23 Jan 83 p 7

[Text] Head of State Gen Kenan Evren's trip to the People's Republic of China was the first visit paid by a Turkish head of state to this oldest and largest historical country. In a historical sense, this event was too late. The ties between the Turkish nation and the Chinese go back more than two thousand years. When the Turks began to migrate from their homeland in Central Asia, the Chinese were the first people they encountered. The first international links of the Chinese were with the Turks. The limitless and eternal Great Wall of China was built to deter Turkish raids.

In Chinese history, three dynasties of Turkish origin are mentioned. Even today there is an Uigur community--a Turkish clan--of 5 million in China. It must be for these reasons that when I visited [former PRC Premier] Zhou Enlai as the first Turkish ambassador to the PRC, he said having in mind Turkey's current strategic position: "Turkey and China can be said to be sharing a common border."

'China a Superpower'

Today, modern China does not have the capability to project its military power beyond continents and oceans like the United States and the Soviet Union. Consequently, when talking about superpowers many commentators refer to the United States and the Soviet Union; China is neglected. This is a wrong and deceptive evaluation of world strategy. Because China is a superpower which not only carries geographic and demographic weight but also has the national organization and, more importantly, the national consciousness of a great civilization and a historical state.

Capitulations and Annihilation

From a perspective of strength derived from historical heritage, China is similar to Turkey. But beyond that China is considered as a third force in relations between the two other superpowers. For all these reasons the visit of our president to China must be considered as an auspicious historical event.

During the 19th century both great nations were forced to retreat--in every sense--before the rising power of the West. Both nations lost their military freedom in the face of superior organization and superior weapons. They were deprived

of acting freely in international relations as a result of a series of defeats. While the Ottomans were being slowly pushed into Anatolia, foreign powers were establishing their own regions of influence in China's large populations centers.

Both countries were overwhelmed by capitulations; their traditional national economies were annihilated under the domination of the European industry. At the end of World War I, the two giant states of the past were faced with extinction.

Two Leaders: Ataturk and Mao

Today, in the last quarter of the 20th century, both countries have assumed new identities and both have regained their stature among the nations of the world. This is the second common element between Turkey and China. The Turks were quicker in recovering their losses. They were able to rejuvenate themselves under the unequalled leadership of Ataturk.

The Turkish revolution, in keeping step with the flow of Turkish history and the particular nature of the Turkish character, brought a new consciousness and a new confidence in a Turkish nation built on the foundations of an individualist philosophy. The revolution brought about a new state and a new social order based on the individual.

China's recovery struggle lasted longer, but at the end of World War II China also came to realize a national identity under the leadership of Mao Zedong. In view of the Chinese culture and character--which are different from those of Turkey--the Chinese revolution was rooted in a communal and collectivist understanding. The Chinese nation has also built up a new confidence for itself.

Traditional State Character

Today, we see Turkey and China following generally parallel paths in their foreign relations. First of all, they are both in the group of countries that want to maintain the status quo. In other words, both of them have no territorial demands outside their present borders.

In the 1960's the character of the PRC and its foreign relations painted a much different picture than what we have today.

At that time, China not only provided full-fledged assistance to the Ho Chi Minh movement in Vietnam, but also it supported all radical leftist liberation movements in Asia, Africa and Latin America.

Thus China was perceived as an ideological inciter whose attitude threatened the established order of states and violated the international rules of diplomacy. In contrast, today China is very careful about government-to-government ties and its stance is free from ideological provocations and in harmony with the traditional rules of international diplomacy. Its current stance is much more in step with the character of a traditional state.

International Isolation

China's new situation is linked to the normalization of its international relations. In the 1960's, China's ties with the Soviet Union turned into bitter enmity. Furthermore, at the time China saw itself threatened by the United States. It was afraid that the U.S. intervention in Vietnam was really directed against itself. China found itself confronting two superpowers.

China was in a state of isolation, and the national liberation movements were its only friends. But the situation has completely changed since the U.S. withdrawal from Vietnam, the recognition of the PRC by Washington and the admission of Beijing into the UN. China has accepted the present international order, which suits its geostrategic interests.

Self-renewal

China has oriented its national priorities and resources to self-renewal. In this respect, too, it is similar to Turkey.

By a custom that is characteristic of ancient nations, Turkey believes that peace can be preserved only by remaining faithful to government-to-government relations. Turkey is allergic to ideological interventions. From the Korean War to the end of the Vietnam intervention Turkey has seen the PRC as the inciter of ideological intervention. When the PRC assumed a traditional posture in its international relations and turned to government-to-government ties in the 1970's, Turkey wasted no time to accept China's return to normal diplomatic life and eventually recognized the PRC.

When I took office in Beijing in 1972 as the first Turkish ambassador to the PRC, I saw for myself how correct that decision was.

China, like Turkey, has come to believe that it can realize its development in an environment of peace. China no longer cares about ideological details in its international relations. It is ready to extend its hand to any country that wants friendship regardless of the country's type of regime. China's unwavering principle in its foreign ties is nonintervention in internal affairs.

Support for NATO

One of the main characteristics of China's foreign policy is its support for NATO. China considers NATO as an essential bulwark against the massive power of the Soviet Union. With 50 million Muslims living within its borders, China feels a certain closeness toward the Islamic nations. China opposes U.S. and Soviet interventionism in the Third World. It attaches great importance to its rapprochement with the United States, but it sensitively keeps its distance from Washington as a precaution against becoming an American satellite.

One element that separated China from Turkey in foreign relations was China's hostile stance toward the Soviet Union. Turkey has shown that its membership in NATO and its close ties with the United States do not exclude friendship with the Soviet Union and that national defense arrangements should not impede the establishment of mutual trust with Moscow. Relations with the Soviet Union will

not be easy for China. At the time of the establishment of the Turkish republic an agreement signed between the Ottomans and the Soviet Union invalidated all previous agreements signed with the Tsarist regime.

Today China is making the same demand on the Soviet Union to cancel all previous agreements. It also wants the Soviet Union to withdraw its 500,000-man army from their common border and to agree to certain adjustments in the Chinese-Soviet borderline. These demands are not impossible to fulfill for the Russians, but they are difficult from a perspective of influencing territorial issues between the Soviet Union and Japan. But Soviet moves during the last days of Brezhnev and afterwards indicate that new developments may be in the works on this issue.

President Evren's Visit

Friendship and close ties between China and Turkey--two countries united by their priorities for internal development, their ideology-free multipolar postures in international relations and their desire to preserve world peace--deserve the hearty support of the two nations. President Evren's visit to China has laid the necessary groundwork between the two countries.

9588

CSO: 3554/127

PENALTIES FOR NONSECTAR ACTIVITIES ADOPTED

Istanbul CUMHURİYET in Turkish 7 Jan 83 pp 1, 11

[Text] Ankara (CUMHURİYET BUREAU)—The Consultative Assembly adopted certain bills in general session yesterday. According to the bills adopted, cash fines of up to 3,000 liras may not be appealed. All cash fines imposed by laws and regulations passed to date either before or after the establishment of the Turkish Grand National Assembly will be raised between 150- and 3-fold.

The bill amending the TPC [Turkish Penal Code] raises the penalty for anti-sectar behavior to heavy confinement of from 8 to 15 years. Those who commit crimes against the state who report the crime and other perpetrators will have their sentence reduced from the death penalty to 15 years' imprisonment.

Under the bill amending the Penal Proceedings Law, acquittals in cases requiring fines of up to 3,000 liras and fines not in excess of 6,000 liras may not be appealed. Moreover, verdicts involving confinement of 15 years and more and death penalties will be set at the discrimination of the appellate court without being subject to any fees or costs.

The bill amending the law on execution of sentences makes imprisonment for misdemeanors convertible to cash fines at the rate of 150 liras to 300 liras for each day of confinement and for felonies, 300 liras to 600 liras.

According to the bill, convicts who fail to pay their fines within a given period of time will be imprisoned by decision of the Prosecutor of the Republic one day for each 300 liras. However, any fine of less than 300 liras will be converted to one day's imprisonment. Fines of convicted juveniles will not be converted to imprisonment even if they were previously converted from brief confinement.

Another provision of the bill would release a convict from prison if he paid the remaining fine after deducting 300 liras for each day he was in confinement.

The bill adopted in the general session amending Law No 5435 approves a 150-fold increase in the fines set forth by amount in all laws and regulations promulgated prior to the date on which the Turkish Grand National Assembly

was first convened. According to the bill, fines approved by the Assembly up until 31 December 1939 will be raised 90 fold; fines between 1940 and 1945, 60 fold; fines between 1945 and 1959; 30 fold, those between 1960 and 1970, 15 fold; between 1971 and 1977, 9 fold; and between 1978 and 1980, 3 fold. However, no fine is to exceed 300,000 liras according to the bill.

Anti-Secular Crimes

The Consultative Assembly also approved a bill amending the TPC to increase penalties for anti-secular crimes.

According to the bill, persons in administrative positions who establish societies in violation of the principle of secularism intended to bring the fundamental rules of the state, albeit partially, into conformity with religious tenets and beliefs will be sentenced to hard labor for 8 to 10 years. Those who join or recruit others to join these societies will be sentenced to imprisonment of not less than 2 years. Anyone who reestablishes and directs such societies that have been ordered to dissolve under a false name or with an ulterior motive will have their sentences increased by no less than one-third.

The bill calls for imprisonment with hard labor for 5 to 10 years for anyone who conducts anti-secularism propaganda for his own political or personal gain, employing religious or things of religious significance.

Another article of the bill reduces the prison and hard labor sentences by as much as one-fourth for anyone who commits a crime against the state or anti-secular crimes and reports the crime and other perpetrators to the competent authorities by the time the final investigation is opened, commuting the death penalty to not less than 15 years and life imprisonment to not less than 10 years.

Anyone responsible for state-owned documents, maps, instruments or properties who loses them or causes them to be damaged will be liable to imprisonment of 3 months to 1 year and repayment of damages, according to the bill.

The bill also raises the amounts of [Light] and heavy fines. [Heavy] fines will not be less than 3,000 liras nor more than 300,000 liras and light fines will not be less than 1,500 liras nor more than 30,000 liras.

The bill also contains a provision banning capital punishment for deaf and mute persons.

The speaker of the Consultative Assembly was criticized for sending the State of Emergency Law, which was submitted to him some time ago, to the Justice Committee as the primary committee and it was decided in the general session that the bill should be discussed by the Committee on National Defense, Internal Affairs and Foreign Affairs as the primary committee.

The draft amending the law on the formation and proceedings of military courts has been discussed in the committees on justice, national defense, internal

affairs and foreign affairs and submitted to the speaker. The bill eliminates the provision allowing attorneys for the defense to examine documents and evidence during preliminary questioning.

The Justice Committee has debated and approved a bill to amend the law on regional administrative courts, administrative courts and tax courts. The bill allows persons appointed to these courts to draw judicial retirement benefits if they retire after 2 years from the date of their appointment.

8349

CSO: 3554/113

BILL DEFINES, PROVIDES FOR STATE OF EMERGENCY CONDITIONS

Istanbul CUMHURİYET in Turkish 9 Jan 83 p 7

[Text] Ankara (CUMHURİYET BUREAU)—Debate on the State of Emergency Bill will begin soon in the Consultative Assembly Committee on Justice, Internal Affairs and Foreign Affairs. It grants broad powers to governors in areas where a state of emergency is declared. Governors will be able to impose curfews during a state of emergency.

The bill contains sections on "administrative powers granted during states of emergency, how they will be declared, how the basic rights and freedoms will be restricted or suspended, what constitutes a state of emergency, how emergency powers will be exercised and the imposition of penalties."

Conditions of State of Emergency

According to the bill, at times of natural disaster, epidemics of infectious disease or serious economic crisis, the Council of Ministers, meeting under the chairmanship of the President, may declare a state of emergency in one or more areas of the country or throughout the country for a period not to exceed 6 months.

In the event of the emergence of serious indications of widespread violence aimed at the overthrow of the constitutionally-established free democracy or the elimination of the fundamental rights and freedoms or the serious breakdown of public order owing to incidents of violence, the Council of Ministers, meeting under the chairmanship of the President, may declare a state of emergency in one or more areas of the country or throughout the country for a period not to exceed 6 months, after consultation with the National Security Council.

When it is decided to declare a state of emergency, the decision will be published in the RESMI GAZETE and submitted immediately for parliamentary approval. If parliament is in recess, it will be summoned to emergency session. The assembly may alter the duration of the state of emergency and, at the request of the Council of Ministers, may extend it up to 4 months at the time or may lift the state of emergency.

The bill sets forth "the procedures, in states of emergency declared in the event of natural disaster, epidemics of infectious disease or serious economic crisis, for how the fundamental rights and freedoms will be restricted or suspended under the terms of article 15 of the Constitution, applicable individually to each state of emergency as to the financial, property and performance obligations imposed on the public (in time of war, mobilization, martial law or states of emergency, the exercise of the fundamental rights and freedoms may be partially or completely suspended or measures contrary to the Constitutional safeguards of them may be taken to the extent the situation requires, provided there is no infringement of the obligations stemming from international law), what powers will be assigned public servants, what changes will be made in their status and the procedures for emergency government."

The Council of Ministers, meeting under the chairmanship of the President throughout the state of emergency, may adopt edicts having the force of law in matters which the state of emergency renders necessary. These edicts will be published in the RESMI GAZETE and submitted the same day for parliamentary approval.

Coordination Council

The bill provides for the formulation of a "Coordination Council" in areas where a state of emergency is declared which will be headed by the governor. Governors may impose a curfew in areas under a state of emergency, may expel from the area those persons deemed necessary and may institute enforced labor. The bill provides in detail for the governors' exercise of these powers. A governor may request assistance from military units in surrounding provinces if necessary.

The bill provides for the penalties to apply in case of noncompliance with governors' decisions and for enforcement of the provisions of Law No 3005 on the prosecution of witnessed crimes in the hearing of cases. Governors are given the power to enforce disciplinary penalties regarding public servants.

The bill also provides for the payment of compensation to those employed for the duration of the state of emergency.

In response to the objection by the Committee on National Defense, Internal Affairs and Foreign Affairs when the bill was sent to the Justice Committee as the primary committee, it was decided in joint session of the Consultative Assembly day before yesterday that the bill should be discussed in the former as the primary committee. Eight committees will be concluded of the National Defense, Internal Affairs and Foreign Affairs Committee's bill. These committees are:

Justice; Constitutional; Fiscal Affairs; Economic Affairs; Health and Social Affairs; Agriculture, Forests, Village Affairs and Cooperatives; National Education; Public Works, Transportation and Communications, Reconstruction and Resettlement and Tourism and Information.

8349

CSO: 3554/113

EX-GENERAL'S STUDY ON NATO REFORM CONSIDERED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 10 Feb 83 p 10

[Article by Adelbert Weinstein: "How to Master the Crisis"]

[Text] A reform of the Atlantic alliance is long overdue. The alliance is in need of structures that are appropriate to the times. The same thing applies to NATO and the pact system what de Gaulle once said about roses and young girls: they both tend to wilt. Modern precision weapons and the military application of electronics have combined to create a strategic situation which might tempt governments not subject to parliamentary control to decide on warlike acts. Against the background of a technological breakthrough in arms production and the use of computer-guided weapons, effective crisis management takes on a new dimension: the way a crisis is met and overcome has become a decisive factor in the strategy of preventing war.

But the job of preserving the state of non-war cannot be handled by the national governments. Stabilization of a politically dangerous situation can only be achieved by a supra-national organization—in other words by NATO. Starting from this premise, Gerd Schmueckle has come up with a study on whether and how the Western alliance might be able to meet a crisis situation. The author concludes that the alliance has shown that it can withstand tension. But if it means to achieve strategic successes over the next decade, it will have to make fundamental changes both in terms of organization and in terms of its political and military command structure. Although there is no need to overhaul the defense concept as such, NATO would succumb to apathy unless there was a renaissance of its leadership system. It would be able to offer resistance in name only.

Retired General Gerd Schmueckle wrote the study as a fellow at the Woodrow Wilson Center in Washington and concluded it late last year. The study's title is "Crisis Management in an Alliance of Sovereign Nations." The main points of Schmueckle's analysis are: recommendations for restructuring NATO's political and military command system with a view to finding ways of successfully meeting crisis situations in the nuclear age. Schmueckle, who held a number of NATO staff positions during the past 15 years including that of deputy SACLANT prior to his retirement, calls for the dissolution of the Military Committee (MC), has harsh words for the cumbersome ways of the NATO Council and comes out in favor of strengthening SHAPE. As a counterpoise to the centralization of military responsibility at the Mons headquarters, he proposes creating a NATO political super-agency in Washington, an institution he refers to as the crisis cabinet.

As an expert and a man with an insider's knowledge of the inner workings of the alliance, Schmueckle feels there is no need for the MC which he calls a "powerless" organization. Officially, the MC may be the highest military authority within the alliance but it has "no command functions or the authority to issue orders" and is incapable of working in a flexible manner. The actual MC only meets twice a year (as an advisory body to the NATO chief of staff). At other times, it is a bureaucratic organization whose members (national generals and admirals) merely serve to block communication lines within the alliance. The author intends no criticism with this statement; he merely means to point up the contrast between the importance attached to the MC on the one hand and SHAPE and SACEUR on the other. SACEUR is the top military command the importance of which is unique even in normal times. In a crisis, SACEUR becomes the focal point of the alliance. Not only that a wealth of military and political information immediately starts flowing into SACEUR from all the member nations of the alliance when tensions arise that approximate a warlike situation, SACEUR also has a direct line to the President of the United States. In Schmueckle's view, this "war headquarters" at Mons should be augmented by a political and military crisis headquarters in Washington.

But in order that Europe does not become a mere protectorate as a result of the interplay between "an American general in Belgium and an American President in the United States," Schmueckle feels that the alliance could strike an Atlantic balance by calling the "crisis cabinet" into being. What he is thinking of is to delegate political figures from the European NATO member nations to Washington on a permanent basis. These men would then be located as a cabinet in close proximity to the real Western center of power, the White House. They could be made a part of the decision-making process without any intermediaries. NATO would then have a clearly visible presence both in Europe and in America. The crisis cabinet would be a symbol of transatlantic solidarity, of alliance-conforming cooperation and a supra-national separation of powers. Supported by the trust of the national governments, the crisis cabinet would be in a position to act more flexibly than the NATO Council and be able to reach decisions more quickly. In the NATO Council, on the other hand, the permanent representatives—who are ambassadors of the member countries—tend to operate in a bureaucratic way that is not always appropriate to the goals of the alliance in Schmueckle's view.

The crisis cabinet idea is not unlike de Gaulle's one-time proposal for the creation of a NATO directorate. While the author sees some positive features in this "affinity," he is aware of the fact that his suggestion would sooner or later leave the NATO secretary general "without a job" and that the crisis cabinet idea would not really sit well with the smaller NATO members, since they are dedicated to upholding the secretary general's post. Nor would the NATO ambassadors be enthused. Still, there are many reasons that speak for a reform such as Schmueckle wants to see implemented by creating a dual concentration of power—at SHAPE and in the crisis cabinet.

For one thing, the flow of information reaching one military and one political "high command" can be evaluated more efficiently. The exchange of information and the use of all national intelligence sources are made easier. The prevention of "internal NATO" crises of which there have been dozens over the past three decades would become easier. And above all, by creating two complementary headquarters, the alliance would provide itself with the necessary tools to overcome a strategic crisis—in other words, an increase in tension with the East.

If one is ready to accept Schmueckle's views on crisis management in a nuclear age, his suggestions seem realistic. Crisis management, he says, consists of all the decisions and measures taken for the purpose of isolating the focal point of the crisis. Crisis management calls for cooling down public emotions. A decrease of tension is possible only if ways are found that help overcome the danger of war without relinquishing justified interests, principles and ideas (of the West).

These suggestions of the former general should be discussed by the alliance. The study is to be published by the Wilson Center.

9478
CSO: 3620/220

NORTHERN FORCES COMMANDER SUGGESTS MORE LAPLAND EXERCISES

Copenhagen BERLINGSKE TIDENDE in Danish 19 Jan 83 p 4

[Text] According to the commander of Finland's northern military forces, Finland should perhaps hold more military exercises in Lapland in order to prevent a military vacuum in that area.

Up to now, Finland's scant defense budget has precluded the development of Finnish military preparedness in that northernmost part of the country.

"Finnish soldiers are very poorly trained to fight under Arctic conditions and more reservists should be required to engage in exercises--in northernmost Lapland as well," Finnish major-general Erkki Laatikainen told the Helsinki newspaper UUSI SUOMI.

The air space over Lapland and the relatively well-developed network of roads can be utilized in an eventual military conflict between NATO and the Warsaw-Pact nations and, therefore, it is important that Finland maintain its military credibility.

In the opinion of major-general Erkki Laatikainen, it is not enough for Finland to station enlisted men in this northern military region.

The Finnish parliamentary defense committee has suggested that 3,000 reservists be required to engage in exercises in northern Lapland this year. Based on the defense budget, however, there is only enough money to engage 1,500 men in such exercises. It is expensive to transport soldiers 1,000 kilometers to North Finland.

Finland's military radar system will be modernized in order to keep up with the development of new weapons systems, like low-flying fighter bombers and cruise missiles. This means that new, low-altitude surveillance radar equipment will be placed in Lapland.

Relatively speaking, Finland has the lowest defense budget in Europe. The appropriation for 1983 is just over 6 billion kroner, or 1.5 percent of the gross national product.

The Finnish communists initiated some government changes when they voted against specific defense appropriations early last December. Up until then, the Finnish communists had been part of the government.

8952

CSO: 3613/51

THREE MISSILE-LAUNCHING SUBS ON PATROL SINCE DECEMBER

Paris LE MONDE in French 27 Jan 83 p 10

[Article: "Mr Hernu Has Spent 24 Hours on Board a Nuclear Submarine"]

[Text] Mr Charles Hernu, minister of defense, stayed for nearly 24 hours, on Monday 24 January and Tuesday 25 January, on board the missile-launching nuclear submarine "Le Redoutable," cutting short his stay on board so as to take part in a limited cabinet meeting at the Elysee devoted to important real-estate infrastructure projects in the Paris region.

The minister of defense went on board in the greatest secrecy in the Brest roadstead on Monday, and he left the submarine at midday on Tuesday, transported by helicopter from the open Atlantic off Vendee.

Mr Hernu's visit took place several weeks after an increase in the instantaneous capacity of the French naval deterrent force.

Since the end of December, three submarines have been constantly on duty at sea, carrying a total of 48 missiles with megaton-class warheads and with range greater than 3,500 kilometers. Previously, there were only two submarines constantly at sea, with the third at sea for only 200 days.

The duration of the patrols--during which the submarine must remain operational--is now 65 days, as against 60 previously, and immobilization at Ile-Longue between operations has been reduced.

This reduction of the submarines' stay at the base has entailed new time schedules for the personnel (300 persons) responsible for maintenance. These schedule problems have engendered a certain discontent, and the CFDT, CGT, FO [Workers Force] and CFTC trade unions have filed a new strike warning for this week. On the occasion of Mr Hernu's visit on board "Le Redoutable," these trade unions lamented, in a communique, "this incognito visit."

11267

CSO: 3519/300

ARMS INDUSTRY BIGGEST EXPORTER IN 1982

Paris LE NOUVEL ECONOMISTE in French 31 Jan 83 p 45

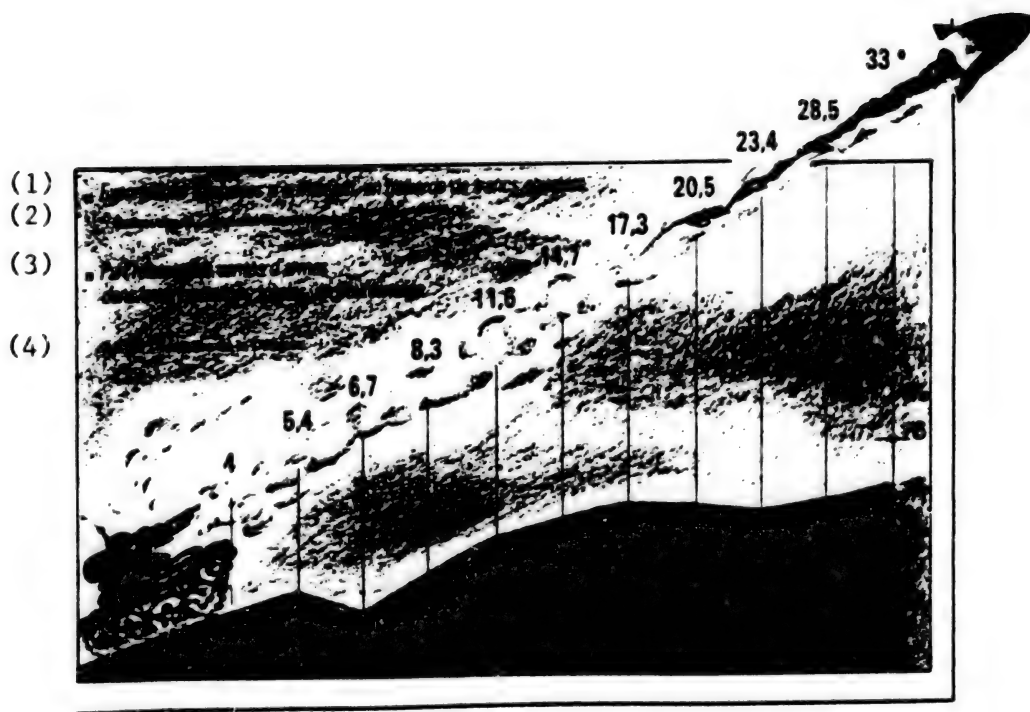
[Article by J.-P. S.: "Weapons: Record Sales in 1982"]

[Text] In the 1982 balance-sheet--a rather gloomy one--for our foreign trade, sales of weapons is one of the few sectors on the increase. For the first time, the threshold of 5 percent of exports has been crossed. The French defense industry, with--according to the latest estimates--Fr 33 billion in exports of military materiel in 1982, is the best French exporter. This Fr 33 billion in sales abroad corresponds, in effect, to a positive balance of the same magnitude, since the French armed forces are, in principle, equipped entirely with materiel made in France. The result of this is that if the "armaments" category were individualized in the accounting by the Ministry for Foreign Trade, it would be well in the lead, ahead of the agroalimentary sector (Fr 15 billion), spare parts (Fr 14 billion), the automotive sector (Fr 7 billion) and equipment goods (Fr 13 billion).

This spectacular increase should continue in 1983: according to confidential information given by Mr Charles Hernu to the National Defense and Armed Forces Committee at the Palais Bourbon last October, the order books are well-filled. In the first half of 1982, Fr 26.4 billion in foreign orders were given to the French industrialists. Nothing indicates that this rate was less sustained in the second half; indeed, with a few months' delay, the Falklands war had a heavy impact on our sales of missiles (Exocet, Roland antiaircraft-defense system).

Optimism is not fashionable among the armaments industrialists, though. The budgetary rigor has not spared their domestic customer, the French armed forces. And the president of the republic has solemnly reaffirmed the priority for nuclear weaponry, a priority that will unavoidably have a detrimental effect on conventional materiel, the only kind that can be exported.

In the foreign market, our performance does not conceal two weaknesses--one sectorial and the other geographic. From one year to the next, aeronautics furnishes two-thirds of the materiel exported. It is also one of the sectors in which the American competition is strongest; our sales of airplanes have been stagnating for several months, especially in Europe.



Key:

1. French exports of armaments, in billions of current francs
2. Estimate by LE NOUVEL ECONOMISTE
3. Part relative to sales of weapons as percentage of total exports
4. Source: Ministry of Defense

The second weakness is the extreme concentration of the "clientele": in 1982, for example, 83.5 percent of the orders came from the Arab world. In Europe, Latin America and Asia, French sales are negligible. At most, there are a few spectacular "coups," short-lived successes, in these American preserves.

Thus, it would be enough for our principal customer in the Middle East, Iraq, to lose the war unfortunately started against Tehran in September 1980 for our exports to drop substantially. Meanwhile, though one time does not make a habit, it has been necessary to grant sizable credits to this excessively important purchaser.

11267

CSO: 3519/305

IRAQ TO GET 29 MIRAGE F-1'S IN 1983; ASKS FOR SUPER-ETENDARD

Paris LE MONDE in French 5 Feb 83 pp 1, 3

[Article by J.I.: "France Will Deliver 29 Mirage F-1's to Baghdad and Is Studying an Iraqi Request for Super-Etendards"]

[Text] Twenty-eight months after the beginning of the Gulf war, the hostilities between Iran and Iraq are continuing despite many attempts at mediation. As he left the Elysee, where he had had a talk with the president of the republic about this conflict, the Egyptian chief of state, Mr Hosni Mubarak, made a point of stressing, on Thursday 3 February, the "vital" character of the stakes.

While Iraq is asking France to supply it with Super-Etendard airplanes, it was recently learned in Paris that by the terms of a contract involving two lots, the first of which has already been shipped, 29 Mirage F-1 airplanes, forming part of an order for 60 aircraft of that type, are going to be delivered to Iraq before the end of this year. These airplanes are equipped with devices that considerably increase their radius of action and could be equipped with the Exocet missiles currently being delivered to Baghdad.

Iraq has asked France to supply it with Super-Etendard attack planes, in the model of that combat plane which, in the hands of Argentine pilots, distinguished itself against British ships in the Falklands. The French response has not been negative, but it is stated in the Ministry of Defense that to date, the administrative procedure preliminary to a negotiation has not been started.

It appears that Baghdad's request was presented at the time of the visit to Paris by Mr Tariq 'Aziz, the Iraqi deputy prime minister, from 3 to 9 January. The number of Super-Etendards--capable of carrying the Exocet AM-39 antisurface missile--was five. Iraq is already equipped with this missile for its Super-Frelon heavy helicopters.

The Iraqi request just recently conveyed has left the manufacturers concerned--notably the Dassault-Breguet group and the National Aircraft Engine Design and Construction Co (SNECMA)--perplexed, inasmuch as the Super-Etendard production line is no longer being fed.

Eighty-five of this attack plane were ordered (71 for the French Navy and 14 for the Argentine Navy), and the last plane of the series has been in the assembly phase for some time now.

If France wanted to grant Baghdad's request, it would have to choose between two solutions: either start up the production line again, and therefore devote heavy investment to it, unless it were to find additional customers (in Brazil or Australia in particular); or take Iraq's five planes out of the order intended for the French Navy and thus decrease the potential represented by the airplanes capable of flying off the "Foch" and the "Clemenceau" to drop tactical nuclear charges.

For these reasons, the question of supplying Super-Etendards to Baghdad is not considered, in Paris, a matter for immediate action. This amounts to putting off any possible filling of the order for the time being.

On the other hand, the supplying of AM-39 Exocet missiles is part of a contract in progress to which no objection is made by France. These missiles have already been used by Iraq against Iranian warships. They were also used, off the Iranian island of Kharge, in the Gulf region, in November 1982, against merchant ships, one of which has been seen undergoing hull repairs in Dubai.

According to information supplied by a reliable source in Paris, the Iraqis' desire, as regards the Super-Etendard in particular, is to have a complete weapons system: a low-altitude attack plane firing the Exocet.

In the event of rejection or excessive shilly-shallying by Paris on the matter of supplying the Super-Etendards, the Iraqis have manifested their intention to install AM-39 missiles on the Mirage F-1 combat planes, of French design, that they already have and have recently ordered more of. Before 1980, Baghdad had ordered a total of 60 Mirage F-1's, in two lots, and last year, in a contract that has not been publicly announced, the Iraqis bought a further 29, delivery of which will begin in 1983-1984.

The Iraqi technicians are probably capable, on their own initiative, of installing, with adaptation, Exocet antisurface missiles on Mirage F-1's. They have mounted on Soviet combat planes, by themselves, French Magic air-to-air missiles that have enabled them to down Iranian Phantoms and Tomcats in aerial combat.

In the present case, the Mirage F-1's that will be delivered to the Iraqis at the end of this year are distinguished by the fact that they will be equipped, at the customer's request, with an in-flight-refuelling rod and complex electronic systems.

Thanks to these devices, the planes' radius of action is 25 to 30-percent greater than that of the first lots of Mirage F-1's. The Iraqis, armed with these airplanes of increased capacities and carrying Exocet missiles, presently being delivered to them, could in a few months have the means for attacking their adversary's installations that are considered most sensitive, such as oil sites, which are vulnerable to certain types of attack.

BRIEFS

'LA PRAYA' AT REUNION--On Friday 26 November, the submarine "La Praya" surfaced at Saint Denis in Reunion. The vessel moored at Port-des-Galets in view of a large crowd of spectators. The helicopter that throbbed around it served as a relay for television and transported the photographs by the local dailies. It was an event, and a big one; there have been no French submarines in the region for more than 30 years. Rarely has a French Navy vessel received so many visitors, and everyone was surprised that 60 persons can live together in it for so long. [Excerpts] Paris COLS BLEUS in French 22 Jan 83 p 19] 11267

'LA PRAYA' AT MAYOTTE--On 13 December 1982, the submarine "La Praya" arrived at Mayotte to undergo a period of maintenance along with the "Jules Verne." The two vessels, anchored off Dzaoudzi, capital of Mayotte, were interesting to the people of Mayotte, and all the more so because, in local memory, no submarine has ever entered the lagoon. The maintenance work tied up the vessel, but nevertheless gave the crew an opportunity for rest. [Excerpts] Paris COLS BLEUS in French 22 Jan 83 p 15] 11267

ANTITANK MISSILE GUIDANCE--The Thomson-CSF [General Radio Co] firm has been chosen to make the infrared-imagery self-guidance system for the future long-range antitank missile (ACLP). It is carrying out this program in cooperation with British Aerospace Dynamics Group. [Text] [Paris AVIATION MAGAZINE INTERNATIONAL in French 1-15 Jan 83 p 16] 11267

CSO: 3519/304

SECURITY CORPS REORGANIZATION ANNOUNCED

Athens TA NEA in Greek 2 Feb 83 p 3

/Article by N. Krikis/

/Excerpt/ A merger of all staff services of the gendarmerie and the city police for the purpose of better utilization of security corps forces and for a more effective policing of the Attiki basin (now with the increase in crime).

The above has been decided upon by Minister of Public Order Skoularikis. The minister's goal is to get policemen out into the streets, to have them get away from their office desks and to have them thrown into the battle against common crimes. It is being explained that in a service that provides for 50 positions, there are actually 300 on board!

One more thing is accomplished with the merger of staff services of the gendarmerie and city police in Attiki. Following the promotions that will take place in March, Mr Skoularikis will study the question of having auxiliary police carry arms, as well as shop and bank security guards.

Now being legislated is to make any armed attack on a police officer who is on ordered duty a punishable crime.

The Ministry of Justice's legislation preparatory committee is already in the process of drawing up the regulation that will be included in the first ministry bill to be discussed in parliament. This was disclosed by Minister of Justice G. Mangakis on the occasion of yesterday's murder of a policeman.

The minister emphasized that the penalty will be death.

The "anti-terrorist" Law 774-1978, the minister noted, is being abolished. This law, he said, was needless because punishable crimes are provided for in the legislation of criminal law provisions. Besides, he stressed, because it includes vague provisions that could lead to the sentencing of citizens on the basis of mere suspicions.

5671

CSO: 3521/196

MIRAGE AIRCRAFT PURCHASE STUDIED

Athens TA NEA in Greek 5 Feb 83 p 18

/Text/ Deputy Minister of National Defense Pavsanias Zakolikos, who is leaving for France tomorrow, is scheduled to hold talks with French Minister of Defense Charles Hernu.

The talks, to take place in Lyons (where Mr Hernu is), will deal with the implementation of the well-known Greek-French defense agreement.

It is certain, moreover, that the question of the procurement of Mirage aircraft for the Greek Air Force will be examined.

At the same time, it has been made known that Mr Zakolikos will put before Mr Hernu the issue of spare parts for French military materiel that our country has already been supplied with or is scheduled to get.

With regard to the approximately 120 aircraft that the Greek Air Force is scheduled to be provided with, Mr Zakolikos has stated that the proposals by various firms and the Greek State Evaluation Committee will be submitted in toto by the end of March.

Finally, in answer to a question in connection with "rumors" that are being heard about "interventions" by various parties on the procurement of aircraft, Mr Zakolikos stressed that "the non-intervention by shrewd parties in the bidding has been ensured."

The minister concluded by saying, "If there are some parties that hand out money, then they are doing so for free because they will not succeed in anything."

5671

CSO: 3521/196

NAVAL AVIATION, SHIP CONSTRUCTION PROGRAM NOTED

Paris LA NOUVELLE REVUE MARITIME in French Jan 83 pp 118-119

[Article: "Netherlands--Update on the Fleet-Renewal Program"]

[Text] The naval program in progress involves:

1--construction of:

- 12 "Kortenaer"-type frigates, including 10 for ASM [antisubmarine] warfare and 2 for antiaircraft action; we gave an update on the program in our last issue;
- two high-performance attack submarines, the S-801 "Walrus" and the S-802 "Zeeleeuw"; they are under construction at Rotterdam;
- 15 minesweepers of the type called "Tripartite"; 8 are under construction or on order;
- four 2,500-ton frigates earmarked for replacing the overage corvettes of the "Wolf" type; construction of the first one should be started in 1987;

2--ordering, for the Naval Air Force, of:

- 13 P3C Orions for maritime patrol, to replace the 13 aging Neptunes; 4 have been ordered;
- 24 WG-13 Lynx helicopters; 21 have been delivered; an order for 15 helicopters is planned in order to replace the Wasps currently in service.

The program also called for refitting and modernization of the six "Van Speijk"-type frigates that went into service in 1967; it is completed today. It also called for construction of a third squadron refuelling ship similar to the "Poolster" and the "Zuiderkruis" presently in service. The project has been abandoned, and the Royal Navy will doubtlessly charter a civilian tanker in the civilian market.

Furthermore, nothing has been decided as regards replacement of the seven Breguet 1050 Atlantics currently in service.

Situation of the Naval Air Force

Broken down into three maritime-patrol flights based at Valkenburg and one fleet of helicopters stationed at Dekoog, the Dutch Naval Air Force, which belongs to the Navy, comprises essentially:

- 13 PH-25 Neptunes, undergoing replacement by the same number of American P3C Orions; 4 have already been delivered, and the order will be completed in 1984;
- seven Breguet Atlantics;
- two F-27 Fokker Maritimes, based at Curacao in the Netherlands Antilles;
- 10 AH-12-A Wasp helicopters;
- 21 WG-13 Lynx helicopters, plus 3 awaited or in the delivery process.

These 24 aircraft break down as follows:

- 6 SH-14-A's for search and rescue;
- 10 SH-14-B's for ASM warfare, with diving sonar;
- 8 SH-3-C's for ASM warfare, with MAD [Magnetic Airborne Detection].

11267

CSO: 3619/42

STRAY DEFENDS ARMS PRESTOCKAGE AGREEMENT BEFORE PARLIAMENT

Oslo ARBEIDERBLADET in Norwegian 3 Feb 83 p 7

[Text] The secret Pentagon paper with guidelines for future defense appropriations in the United States and U.S. nuclear strategy were dealt with in two questions in Storting on Wednesday.

Inger-Lise Gjorv (Labor) wanted to know what basis Foreign Minister Sverre Stray had for denying that plans existed for fighting a nuclear war that would have a favorable outcome for the United States. Stein Ornhøi (Socialist-Left) wanted to know the main contents of the 1979 presidential directive referred to by undersecretary Hammerstad of the Defense Ministry when he denied that new doctrines now exist for the use of nuclear weapons by the Americans.

Neither was satisfied with the answers given. Foreign Minister Sverre Stray said that according to the information received by Norwegian authorities, the document referred to by the news agency, UPI, contained no plans for fighting a protracted war with nuclear weapons with the aim of winning such a war.

Inger-Lise Gjorv said that statements from American defense circles have confirmed that the plans exist and that they are wholly in line with American security and defense policy ideas. "It is unfortunate when factual information provided by our foreign minister lacks complete documentation--it can create lack of trust between the people and the foreign minister," she said.

Stein Ornhøi found it understandable that the defense minister did not want to reveal the contents of a planning document from another NATO country. But he also felt it was inappropriate for undersecretary Hammerstad to refer to such a document when he denied that another document contains new doctrines for the use of nuclear weapons.

6578

CSO: 3639/66

DETAILS ON NAVAL MANEUVERS RELEASED

Lisbon 0 DIA in Portuguese 29 Jan 83 p 13

[Text] Exercise "Contex 831" will be conducted from 1 to 11 February in the traditional area for maneuvers along the West Coast. The exercise will be conducted within the framework of the Continental Naval Command's operational programming, and its chief purpose will be to enhance the state of readiness of naval units for their later incorporation into operational naval forces.

"Contex 831" basically consists of an extensive program of pre-planned maneuvers and some maneuvers of the "free-play" type. The latter type, of progressive complexity, was planned while bearing in mind the current training status and while seeking to make the most of the training opportunities offered by the availability of air or submarine units. This was also in keeping with a policy of cutting costs. The necessity for restricting consumption of fuel was also taken into account in planning which speeds to use.

The participation of three frigates, four corvettes, two submarines, one mine sweeper, one support ship and one section of diver-sappers has been planned for. This will involve approximately 1,400 men, and, in some of the maneuvers, naval units of the United Kingdom, maritime patrol aircraft of the United States and even some resources of the Portuguese Air Force will be employed.

9972

CSO: 3542/31

DECISION ON MAJOR GROUND-TO-AIR MISSILE PURCHASE NEARS

Madrid EL PAIS in Spanish 30 Jan 83 p 17

[Text] Competition between North American and European companies looking towards the Spanish purchase of ground-to-air missiles, valued at 33 billion pesetas, has been on the rise again in the last few months following the government's decision to back over the considerations which had initially given a clear advantage to the Chaparral system, manufactured by Ford Aerospace, a U.S. firm. According to the opinion of several experts, this system is the least advanced of those evaluated, but it is also the least expensive. Signing of the contract is set for March or April.

The Advisory Commission on Weapons and Materiel (CADAM) will soon send a report to the Ministry of Defense that will contain the advantages and disadvantages of ground-to-air missiles on which the antiaircraft defense of Spain in the coming years will be based. The ministry is already counting on another report by the General Directorate of Weapons and Materiel (DGAM) in which economic compensations offered by firms constructing systems are compiled on lists: the American Chaparral, the French Roland and the English Rapier--all classified as low-height above-sea-level types.

More than a year ago now, headquarters of the army artillery, after testing the systems named, indicated its preference for the North American Chaparral. Last September, however, a new analysis of the three competitors was ordered. Towards the end of October, army general headquarters announced officially that the three systems were suitable for Spanish defense needs and at this time the ministry is awaiting the aforementioned reports. The head of the department will present the corresponding study to the government; it, in the Council of Ministers, will make a definite decision.

The Chaparral can be mounted on a stationary platform or on a tracked vehicle. Each mounting can accommodate 8 Sidewinder missiles, 4 ready for firing. Technically, it is the least advanced of the 3 competitors, but being the most economical, Spain could purchase some 1,300 of them, compared to almost 700 Rolands and some 900 Rapiers. Therefore, with the Chaparral, a wider area could be covered. Nevertheless, military sources have emphasized the "political reasons exist" once again for the government to end up deciding on the North American materiel. "Above all," they said, "when negotiation of the North American Friendship Agreement is near."

The English Rapier, manufactured by British Aerospace is the lightest of the three (43 kilograms against 84 for Chaparral and 63 for Roland), which makes it more easily transported. Having radar available makes its targeting system more reliable than the North American one. As for Roland, the experts believe it is the most advanced system, but also the most expensive, not only in price, but in its high maintenance costs.

Presently, Spanish aircraft defense is placed in the aircraft of the Air Combat Command, in old and conventional antiaircraft guns and in the anti-aircraft weapons of the navy.

However, Spain has no low-level missiles, adequate for intercepting aircraft at short distances. For that reason, the artillery commands have insisted on several occasions that they urgently consider the acquisition of new missiles, including some that no doubt recently have assured that "national territory is indefensible faced with a hypothetical air attack."

In principle, those responsible in the army have in mind distributing the missiles they acquire among eight batteries of eight launchers each. The equipment would be installed preferably in the Levante and Andalucia zones, as well as in the Canaries and Balearic islands, and in the environs of the most important military bases. A good number of the missiles would be placed, as many on stationary platforms as on vehicles, in the vicinity of the Strait of Gibraltar.

The installation of these complex antiaircraft weapons is proposed in the META (Modernization of the Ground Forces) plan. Until this comes about, however, several months will pass, now that the delivery period must be taken into account of systems acquired. Leaders in the Ground Forces have insisted to the former and the current governments that the decision be made as soon as possible.

9908

CSO: 3548/128

STATISTICS ON LITERACY RATES, EDUCATIONAL LEVELS

Lisbon O DIA in Portuguese 14 Jan 83 p 9

[Text] In the 1979-1980 academic year, the total number of Portuguese school and university students enrolled (not including infant and professional educational programs) amounted to 17.9 percent of the entire population, whereas in the preceding academic year the rate of 17.5 was confirmed. On the other hand, in the 1969-1970 academic year--that is, 10 years prior to the last academic year for which the National Statistical Institute has figures--15.9 percent of the Portuguese population attended schools in the educational system.

In the year 1979-1980, a percentage of 99.5 of the population belonging to the age-group between six and nine years attended basic primary schools in the system; in the year 1969-1970, this figure stood at 81.7 percent. In the 10-11 year age-group, 34.7 percent of the population had basic preparatory instruction in 1979-1980, whereas the corresponding percentage in 1969-1970 was 17.7. As for the student age-group corresponding to secondary education (12-17 years), 30.1 percent of the population attended school in that instructional grade in 1977-1978 (the INE [National Statistical Institute] has no figures for this level for 1979-1980 at this time), while the corresponding rate in 1969-1970 was 18 percent. Of the population in the 18-23 year age-group, 4.4 percent had upper level instruction in 1979-1980; the rate was 3 percent 10 years previous.

Student Enrollment in the Various Grades

It is also confirmed that the number of students in higher education per 1 million inhabitants in Portugal was 823 in 1979-1980, whereas it stood at 509 in 1969-1970.

The structure of the school population in the 1979-1980 academic year by instructional grades, considering those grades resulting from the adaptation of the International Classification of Instructional Types [CITE] of UNESCO to the situation in Portugal, was distributed as follows: in the first (primary) grade, 52.8 of the total number of students were enrolled; enrollments in the second (preparatory and secondary) grade represented 42.6 percent, and finally the rate corresponding to the third (upper level) grade was 4.6 percent.

Enrollment by Sex

The composition of this student population by sex in 1979-1980 was the following: basic primary education (including adolescents and adults, 51.9 male and 48.1 female; basic preparatory education, 52.4 percent male and 47.6 percent female; secondary education, 49.6 percent male and 50.4 percent female; and higher education, 56.1 percent male and 43.9 percent female.

Regional Distribution

From the viewpoint of regional distribution, it is confirmed that in 1979-1980 the Lisbon and Porto districts showed a concentration of 35.2 percent of minor students in basic primary education, 37.5 percent of the students in basic preparatory education and 42.7 percent of the students in secondary education.

University Distribution

The distribution of the 81,379 university students in 1979-1980, by areas of study, was the following: Letters and Human Sciences, 19.2 percent; Exact and Natural Sciences, 6.3 percent; Social Sciences, 20.5 percent; Arts, 3.3 percent; Law, 11 percent; Technologies, 19.3 percent; Medical, Paramedical and Pharmaceutical Sciences, 14.1 percent; Agriculture and Animal Husbandry, 2.3 percent; Environmental Sciences, 0.1 percent; Physical Education, 1.5 percent; Military, 0.5 percent; Naval, 0.6 percent; and Theology, 0.6 percent.

Investment in Education

In the matter of investment for educational expenses in 1979, the portion of public expenses applied to the educational sector was 18.1 percent. These public expenses for education represent 2.8 percent of the gross national product [PNB]. Looking at the total educational expense in relation to the PNB, the rate is 3.6 percent for the same year.

Decline in Illiteracy

On the other hand and on the basis of a permanent inquiry on employment, which is a family inquiry carried out by the INE, it is established that the rate of illiteracy declined during the last decade. In 1970, 25.7 percent of the Portuguese population 10 years of age or older found themselves in this predicament, the figures for males being 19.7 percent and 31 percent for females (data produced by the 1970 census). According to the data produced by the permanent inquiry on employment, which refer to the Continent only, for the second semester of 1981, the rate was, then, 17.2 percent (men; 12 percent; women 21.7 percent). Likewise, according to the data produced by the same inquiry relative to the first semester of 1979, illiteracy in our population would stand at 19.6 percent, with 14.3 percent for men and 24.3 percent for women.

Capabilities

In the matter of capabilities and still following the data produced by the permanent inquiry on employment, the following represents the development of the Portuguese population from 1974 to 1981 (with no specification of age-groups): those knowing how to read and write without diploma, in 1974, 21.1 percent; in 1981, 15.2 percent; basic education in 1974, 39.6 percent; in 1981, 48.5 percent; secondary education in 1974, 3.8 percent; in 1981, 8.1 percent; higher education in 1974, 0.8 percent, in 1981, 1.4 percent; normal education in 1974, 0.4 percent, in 1981, 0.3 percent.

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